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Coordination and Integration Processes in Global Business Advisory Firms: The Role of Global Clients

by

Teresa Nadene Rose ©

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Abstract

Over the past ten years we have witnessed the rise of global accounting firms, or as increasingly referred to, Global Business Advisory Firms (GBAFs). This thesis, drawing on information from fifty-four interviews with individuals in three of the Big Six Advisory Firms in Canada, Singapore and Malaysia, and information from seventy-six archival interviews, describes the way coordination and integration occurs in GBAFs; identifies factors affecting coordination and integration; and explains why coordination and integration occurs differently in these firms than in MNEs previously studied.

The findings indicate that knowledge and external interdependencies are critical for GBAFs to deal with the increasing demands of global clients. Knowledge and external interdependencies, in turn, require greater financial and Human Resource (HR) interdependencies than previously. Two central processes (i.e., the international executive bodies of these firms and the lead partners) along with social processes (i.e., human resource practices) are found to most strongly support the most important interdependencies.

The findings indicate that the way in which coordination and integration occurs, and the level of overall integration achieved, is affected by clients' characteristics and circumstances. Particularly the knowledge needs, structure, and processes of clients affect the way coordination and integration occurs. Also impacting coordination and integration is the economical, political, social, and cultural contexts of the countries involved in providing the service. The specific affect of each country context varies by the nature of the clients served. Further, the way coordination and integration occurs in GBAFs depends on the history of the firm, particularly the international firm's country of

origin and the growth pattern it has experienced.

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CHAPTER ONE
INTRODUCTION

The purpose of this dissertation research is to extend theoretical perspectives on international coordination and integration processes (CIPs) by discovering and analyzing existing CIPs in global accounting firms, or global business advisory firms (GBAFs) as they are increasingly known. The specific objectives of the dissertation are to:

1) describe the coordination and integration processes utilized by three of the "Big Six" Advisory Firms serving global clients;
2) identify the factors affecting these processes and;
3) assess whether existing theoretical explanations of international coordination and integration processes are appropriate when dealing with the unique qualities of GBAFs (i.e., primary task, governance structure, institutional environment).

The importance of this research lies in exposing potential inadequacies and limitations in existing theory on international CIPs for addressing integration within GBAFs.

Over the past ten years, we have witnessed the rise of global professional business service firms generally. Lowendahl (1997) discusses the growing importance of professional service firms:

> The impact of these firms on society is also growing everyday: Their share of value creation in terms of GNP as well as employment increases. Their indirect impact on the value creation of other organizations increases, among other things as the result of the downsizing and outsourcing processes going on in a large number of industries. And finally, their impact as examples and even "role models" for the future organization seems to be growing every day ... (p. 155).

In his book on liberation management, Peters (1994) concurs with the idea of the increasing importance of professional service firms when he argues that professional business service firms are the "prototypes of the future."

The global business advisory firms comprise only one sub-sector of the global professional business service firms industry. However, the advisory firms have significant potential to impact the global economy. McKee and Garner (1996) comment specifically on the services provided by the large global accounting firms:

> Some services may have actual roles in the development processes (McKee, 1988; McKee and Garner, 1992). They act as facilitators of economic activity within nations at various levels of development. Others carry their facilitative impacts beyond national boundaries into the world economy. As has been emphasized elsewhere, however, "Services cannot be regarded as mere facilitators in the international economy" (McKee and Garner, 1992). As important as the facilitative functions of services may be, it must be remembered that those same services "are actually being traded in that economy and in many instances have become internationalized in their own right" (1992) (p. 4).

Based on their research on the global accounting firms in the Asia Pacific region, McKee and Garner (1996) further argue that:

> ... the firms in question are unique in their ability to supply such a wide range of services to so many jurisdictions. This uniqueness has made them major players in the global economy, capable of major impacts within and between individual jurisdictions. (p. 90).

Having discussed the importance of professional business service firms in general, and of GBAFs in particular, the following section of this chapter more fully describes specific characteristics of GBAFs that justify the choice of these firms as the focus of investigation. The subsequent sub-section describes the utility and limitations of existing theoretical perspectives on international coordination and integration processes for understanding these processes in GBAFs.

I. Global Business Advisory Firms As Unique Multinational Enterprises

As reflected in the quotations above, the Big Six Advisory Firms, like other global firms discussed in the literature, operate in an industry that has been and continues to be rapidly globalizing. In other words, these firms operate in an industry in which each GBAF's ability to survive and achieve profitability and growth relative to its rivals is significantly affected by its competitive position in different countries or regions (Rugman and Verbeke, 1995). It is interesting that the reasons for international expansion in advisory firms are different from those of other firms engaged in processes of globalization who have expanded to:

1) produce for new customers profitably;
2) take advantage of and combine a product with a factor endowment; or
3) add value to an asset.

Instead, GBAFs have moved extensively into the global sphere largely in response to the needs of their important multinational clients. In fact, clients have driven the globalization of the accounting industry and the firms increasing strategic focus on coordinating internationally. Post (1995) states:

> The firm's dominant motive to develop international services has been to serve clients involved in a process of internationalization. The firms want to protect the relationship with their clients, and because of that they supply services in foreign countries. The client is a source of strategic, in this case internationalizing, action (p. 9).

Essentially, the Big Six Advisory Firms' major reason for being is to provide integrated service to an increasing number of global clients and thereby remain profitable. The symbiotic relationship between these firms and their clients is one in which the advisory firms have been contributing to the clients' process of globalizing while simultaneously globalizing themselves (Cooper, Brown, Greenwood, and Hinings, 1994).

The global nature of GBAFs is attested to by examining their characteristics in relation to Johansson and Yip's (1994) five continuums for assessing the "globalness" of firms. The Big Six Firms are well advanced along four of the five continuums. In reference to the first continuum, each firm operates in multiple markets around the world and has significant market share in one or more areas of service. For example, KPMG operates in 152 countries and has extensive market share in many of them; its worldwide revenues of approximately six billion dollars are distributed across four continents. Ernst and Young operates in 680 cities in 125 countries; Price Waterhouse has offices in 119 countries; Arthur Andersen operates in 360 locations in 76 countries (Greenwood, Rose, Brown, Cooper, and Hinings, 1996b). Looming in the near future is the likely merger between KPMG and Ernst and Young which would make for an organization comprising 160,000 employees in approximately 150 countries with revenues around 18 billion US dollars (Globe and Mail, 1997). The size and dispersion of these firms exceeds that of even the largest of other types of global companies (i.e., PepsiCo, Johnson and Johnson)(Greenwood et al., 1996b).

The fact that each of these firms provides a similar portfolio of products and services including audit and accounting services, management consulting services, tax, and corporate recovery services, across the markets in which it participates and the fact that each one is developing more standardized products for worldwide implementation further attest to the extensive global activities of these firms using Johansson and Yip's (1994) second continuum. In terms of the third continuum, a high level of global activity in these firms is indicated by the fact that "value-adding" activities are located in each of the markets in which the Advisory Firms operate and are pulled together to enhance competitiveness. In terms of Johansson and Yip's fourth continuum and further exemplifying their "globalness," each of the Big Six Advisory Firms has increasingly moved toward marketing itself under one common name worldwide. Progressing along Johansson and Yip's fifth continuum - the extent to which firms make moves in specific countries as part of a global strategy - is not easily detectable. However, there are indications (e.g., increasing industry focus, development of centers of excellence) that there are movements in this direction (Greenwood et al., 1996b).

Roth and Morrison (1992) suggest that a global strategy is indicated when firms are working to be operationally flexible and are managing numerous types of interdependencies (e.g., people, skills, expertise, ideas) within the worldwide network. Unquestionably, according to all of these criteria, the Big Six Advisory Firms are global firms: Each has operations that span the world; each provides similar services worldwide; each provides value-adding services across the markets it is in; each uses the same name worldwide; and each focuses extensively on flexibly managing multiple interdependencies simultaneously. These global advisory firms, like the more often studied multinational enterprises (MNEs), have indeed become "international organizations increasingly investing in systems of global coordination and control" (Cooper et al., 1994, p. 2).

However, the GBAFs have a number of characteristics which distinguish them from other types of global firms. First they are professional knowledge intensive firms in which the expertise and experience of individuals comprise the core competence of the firm. Knowledge is the firm's primary asset and its competitive advantage lies in its reputation for "adding value" to clients' businesses (Aharoni, 1993). The primary task in these firms is for the professionals to apply their expertise case by case, essentially customizing service in ways which ensure that they "add value" to every client's business. The nature of the task performed in many cases requires the professionals to be in close proximity to the clients being served (Greenwood et al., 1996b; Lowendahl, 1997).

The organization of these firms is the professional partnership whereby the partners are simultaneously the operators, managers, and owners of the firm. Authority exists horizontally and is widely distributed among partners thus strongly differentiating these firms from the bureaucratic and the authority structures seen in most global firms; there is a highly decentralized distribution of power.

Since these firms moved into the global sphere largely in response to the needs of their important multinational clients, they expanded initially by forming associations across borders between national firms (each a legal entity in itself); these relationships were later increasingly formalized. As a consequence the organizational configuration of GBAFs is best described as a highly complex network structure in which a very large number of loosely coupled connections among various firms supports the goal of providing "value-adding" knowledge to all types of clients' businesses. The network structure of a GBAF comprises a number of large national firms each of which embodies an extensive network of local offices. For example, KPMG, US has 140 local offices which form part of the total 700 KPMG offices that exist worldwide. Concurrently every GBAF network structure embodies an international firm; this is a separate legal entity that attempts to influence horizontal relationships among all the separate entities. The various firms comprising the GBAF are not only geographically dispersed but also they vary considerably in terms of the nature of the clients they serve.

There are numerous integration challenges that arise in light of these firms' characteristics and their need to continue to follow clients operating globally. The GBAFs' global expansion makes it increasingly difficult for them to maintain the consistent quality required to sustain their reputation. Consistent quality is difficult to achieve because of geographical dispersion and geographical differentiation. It is tough to move expertise around to where it is most needed because professionals are reluctant to move away from well established client bases; consequently, it is difficult to maintain a high level of expertise relative to competitors and clients. Attaining a high level of integration is also particularly difficult because professionals resist formal means to bring them together, and their resistance is supported by the power held within the national entities.

In many ways, for the GBAFs' to remain competitive, it has become an absolute necessity for these firms to respond to the pressures for globalization exerted by their global clients by following and serving these clients (Aharoni, 1993b; Baden-Fuller, 1993). Increasingly, the overall competitive premise for any GBAF lies in its ability to flexibly coordinate its semi-autonomous or loosely coupled firms in ways that allow it to attain global economies of scale, to gain global learning capability, and to transfer knowledge (i.e., people) efficiently around the world. Flexible coordination is the challenge that must be met to guarantee a diverse range of standardized and high quality service across all countries in which the clients operate.

In short, the competitive position of a GBAF is dependent on the excellence of its internal organization; however, therein lies the critical tension faced by the GBAFs.

While they recognize the increasing strategic need to become more integrated, simultaneously they face greater barriers to high level integration as compared to other multinational enterprises (MNEs) principally because of their unique characteristics, context, and history.

The following section discusses existing theoretical perspectives on international coordination and integration and explains the utility and limitations of those perspectives for understanding coordination and integration processes in GBAFs.

II. Theoretical Perspectives On International CIPs

There is a plethora of literature on international coordination and integration, most of which is rooted in theories of the multinational enterprise in the fields of economics and strategy. In this literature, there is an evolution from an initial focus on the international economy to a focus on internal firm issues (Hennart, 1982; Rugman, 1981; Vernon, 1966) to multi-level theory explaining the complexity of foreign direct investment patterns (Dunning, 1977). Clearly evident is that much more attention has been focused on understanding issues of global strategy than of management processes (Ghoshal and Westney, 1993; Martinez and Jarillo, 1989). Oftentimes any focus on organization has equated organization with structure (e.g., Franko, 1976; Stopford and Wells, 1972).

However, over the same ten year period that GBAFs have experienced intensification of their integration problem, we have seen international management scholars focusing on how companies can capitalize on their global presence. This need for a broadened approach to international coordination and integration, to include more management process issues, is articulated well by Martinez and Jarillo (1989) and exists to a modest degree in recent headquarter-subsidiary relations work (e.g., Ghoshal and Nohria, 1989; Nohria and Ghoshal, 1994). The transparent difficulty in achieving effective global coordination and integration among various organizational units (e.g., investing in diverse and lower level processes of international coordination and integration) is perhaps best exemplified in the empirical and theoretical work of Bartlett and Ghoshal (1989,1993), Nohria and Ghoshal (1994), Gupta and Govindarajan (1991), Hedlund (1986, 1994), Evans (1993), and Doz, Asakawa, Santos, and Williamson (1997). The theoretical ideas of Bartlett and Ghoshal (1989) and Hedlund (1986, 1994) are the most developed in this regard and thus warrant further discussion.

II.1 Bartlett And Ghoshal: The Transnational Organization

Bartlett and Ghoshal (1989) argue that the demands of a continuously changing environment have caused a number of organizations to move toward what they call the transnational organizational form in order to remain globally competitive. There are a number of organizational features which characterize the transnational form: the configuration of assets and capabilities is dispersed; there are complex interdependencies among product, functional, and geographic groups; the assets and capabilities within the firm are specialized; overseas units contribute differentially to the worldwide operations; knowledge is developed and shared extensively. Bartlett and Ghoshal (1989), similarly to Pralahad and Doz (1987), argue that there is a need for global organizations to focus on the "strategic imperatives" and human resource requirements of global effectiveness. Central to these authors' emphasis is that global effectiveness depends on managerial perspective and action primarily as they are reflected in the appropriate coordination and integration of organizational units. According to the authors, control of a global organization is manifested in the simultaneous attainment of global efficiency, local responsiveness, and innovative capacity. Such control lies in the development of systems (i.e., decision making systems, administrative systems, interpersonal systems, and communication systems) which allow for the effective integration of organizational units. Bartlett and Ghoshal's idea is that different CIPs (i.e., central, formal, social) support each of the different types of interdependencies necessary for simultaneously attaining global efficiency, local responsiveness, and innovative capacity. They assume interdependencies among units are in relation to products, resources (i.e., human, financial and technological resources), and knowledge.

Interdependencies among units are also associated with subsidiaries' roles and responsibilities. The appropriate CIPs vary dependent on the differentiated roles and responsibilities that are assigned to the subsidiaries based on each subsidiary's environment and available resources (Bartlett and Ghoshal, 1989; Ghoshal and Nohria, 1989; Nohria and Ghoshal, 1994). The idea is that the roles and responsibilities define the interdependencies of importance and, therefore, the CIPs appropriate for supporting those interdependencies.

Extending the ideas of Thompson (1967) who equated simpler to more complex CIPs with increasing levels of interdependencies, Bartlett and Ghoshal (1989) emphasize the importance of numerous, diverse, and flexible processes for successful global functioning. They extend Thompson's ideas by suggesting that there may be constellations of CIPs that align respectively with product, resource, and knowledge interdependencies among subsidiaries and with the subsidiaries' various roles and responsibilities.

Bartlett and Ghoshal (1989) conceive the transnational form to be supported by an array of flexible CIPs. These processes center around legitimizing diverse perspectives and capabilities and building a shared global vision. The need for processes to support the building of a shared vision or a "global mentality" is given more explicit attention than in previous literature. Administrative heritage (i.e., the historical way things have been done in the organization) influences the pattern of relationships between different CIPs and various interdependencies (Bartlett and Ghoshal, 1989). Consequently, CIPs must be examined in light of an organization's context and history.

II.2 Hedlund: Heterarchy And N-Form

Consistent with Bartlett and Ghoshal, Hedlund (1986, 1994) argues that the changing environment has created new requirements for global organizations to be successful. He similarly suggests that CIPs must be mixed and flexible to deal with the pressures of operating globally. However, more central to his argument for a new organizational form for global effectiveness and more explicitly expressed is the idea that knowledge management lies at the heart of successful multinational activity, thus:

> The challenge is not to divide a given task in a way ensuring maximally efficient performance. Rather, it is to position the company so that new tasks can be initiated, often on the basis of a combination of separate knowledge pieces from different organizational units. Instead of bringing the information to the given decision point, it becomes a matter of bringing the decision to the knowledge bases. Thereby, the center of initiative and action continuously shifts with consequent changes or roles at all levels of the firm. (Hedlund, 1994, p. 87)

Hedlund (1994) further states:

> The characteristics of a corporation evolving according to a logic of knowledge management, rather than to a logic of exploitation of given resources or advantages, depart sufficiently from the common understanding of hierarchical structure in general and the multidivisional form structure in particular to deserve new conceptions and names. I have

suggested heterarchy as an ideal type in contradiction to hierarchy (p. 87).

Hedlund (1994) argues that an organization with a primary goal of effective knowledge management needs to adopt an N-Form organization, the basic structure of which is the heterarchy. In the heterarchy, there are several strategic apexes in the organization rather than one; these apexes shift over time. As well, there are several ordering principles of work existing at one time. The N-Form is comprised of an array of CIPs that support the combining of things within the organization, rather than the dividing of them as in the M-Form. The N-Form's array of CIPs supports temporary constellations of people as opposed to permanent structures. Responsibility for bringing things together lies with individuals at lower levels of inter-functional, inter-divisional, or international exchange and does not lie with top managers. CIPs support lateral, rather than vertical communication. Top management neither allocates resources nor monitors the groups' activities but is instead the "architect" of communications and protector of knowledge investment. Top management primarily focuses on ways to bring knowledge sources together.

Ghoshal and Westney (1993) bring together most authors' ideas on coordination and integration processes and perhaps best summarize the characteristics of new global firms and their organizational requirements. These emerging forms are recognizable by the dispersion of units; in other words, there are multiple home bases. The new forms, because of dispersion, must become a network of interdependent parts; the extent to which these parts are coupled is the critical issue. Extensive effort to facilitate cross-unit learning must be expended by members of these new global forms. Ensuring support for local developments, while simultaneously ensuring that those developments are exploited for global efficiency, means that structural flexibility must be the primary characteristic of these newly emerging global forms, and that likewise CIPs change dependent on numerous factors.

Bartlett and Ghoshal's (1989) nine case studies and subsequent survey analysis, and Hedlund's theoretical work highlight the importance of gaining an organizational advantage in global market places, and the inherent difficulty in achieving effective global coordination and integration among organizational units. A number of authors agree that organization is the primary impediment to global success (Doz et al., 1997; Hedlund, 1986, 1994; Pralahad and Doz, 1987; White and Poynter, 1990) and similarly emphasize the importance of multiple and flexible coordination and integration processes. Despite important insights provided by this past research, it fails to provide either a theoretical understanding of coordination and integration within professional business service firms, and most specifically, GBAFs or guidance for partners/managers. Although clearly GBAFs are recognizable as an example of the emerging global firms that are described in the literature, the characteristics, context, and history of GBAFs makes them unique MNEs and raises questions as to the applicability of existing research.

Much of the past research assumes a hierarchical, centrally controlled firm over the heterarchy. In contrast the partnership structure of GBAFs fuses ownership, management, and operations. Other types of multinational companies expand by way of wholly or partially owned subsidiaries while professional service firms tend to expand services through a network of autonomous partnerships (Greenwood, Hinings, and Brown, 1990; Hinings, Brown, and Greenwood, 1991). The partnership based governance structure does not always allow for the usual mechanisms of coordination and integration (e.g., hierarchical decision making, employee transfers).

Furthermore, the nature of the task in GBAFs is not always amenable to the central processes of control. The primary task in GBAFs is knowledge intensive and carried out almost entirely by professionals; outcomes are by way of ensuring quality of the skill, not routine. Yet even the most recent international literature assumes the task is repetitive and amenable to central and formal processes of control. Further, the heterogeneous regulatory and institutional environments (e.g., partnership requirements, professional issues) encountered by GBAFs intensify the challenge of coordination and integration (Greenwood and Hinings, 1996; Greenwood, Hinings, Cooper, and Brown, 1996a).

More specifically and despite rhetoric to the contrary, Bartlett and Ghoshal's empirical work assumes hierarchical relationships and central authority of control. Organizations are seen as more unitary, stable, and self-deterministic than is the case in reality. For example, their existing theory assumes a parent/subsidiary hierarchical relationship with the parent having the authority to determine the right combination of processes for effectiveness. Also, the parent has the authority to dictate the roles of the subsidiaries and the power to ensure that subsidiaries are motivated to fulfill assigned roles. Similarly, Hedlund (1986, 1994) assumes that a top management team plays the primary role in knowledge management and assumes a central force that ensures all participants are motivated to share knowledge through incentives.

In GBAFs there are structural differences (Greenwood, Hinings, and Brown, 1990) that make this assumption inappropriate. As previously mentioned, local and national offices are relatively autonomous; they are separate legal entities. The resulting range of governance structures utilized by partners throughout the various locations means there is not a single, simple, and clear governance structure. Instead, there is a complex network of contractual relations between national and local firms that complicates integration. Post (1995) points out that the GBAFs' different primary motive for internationalization (i.e., their desire to follow clients into new markets) is more congruent with the hybrid (federated) structure than the hierarchy in that there are numerous lateral structures (e.g., committees, task forces) rather than three or four layers of direct reporting relationships. As well, the institutional environment whereby there are different national standards, rules, and regulations that influence the profession has further supported the federated structure over hierarchy. McKee and Garner (1996) state this clearly:

> Prior to the 1970's, accounting standards were the exclusive province of individual nations, in which government regulators either set standards directly or delegated the tasks to national accounting professional associations, generally with oversight by government. Competitive international pressures caused by the great expansion of capital markets created an international "need for financial information that could be understood and compared by competitors (Collins, 1989, 82)" in whatever nation prepared or used it. ... In 1973 a group of national standard setters formed the International Accounting Standards Committee (IASC), with the purpose of improving harmonization of national accounting standards. By 1992 the IASC had grown to include professional bodies from seventy-eight countries as members (CPA Journal, 1992, 16). Although some progress has been made through the IASC efforts, there is still no single global system by which public accounting and financial reporting is accomplished in all parts of the world. In fact, accounting systems remain largely nation-state specific. .... Being country specific and arising from the culture, laws, customs and ways of doing business in each country or region, accounting and reporting systems naturally differ radically across the globe (p. 29).

Consequently, central control as exercised usually in MNEs is not possible and coordination and integration must occur differently. The tasks performed by GBAFs require them to deal in professional knowledge, the origins of which lie in the professional training of individuals. Independence and autonomy in applying the knowledge base, limited only by some ethical guidelines create a strong ethos among the providers of service. This makes hierarchical and bureaucratic structures, assumed to exist in MNEs, unlikely methods of control in GBAFs in which the dominant means of control has been by way of supporting knowledge and skill development; the organization exists more for the convenience of the members than as a controlling mechanism. Social processes, specifically those emphasizing the importance of belonging to the professional network, have been a dominant means of achieving control.

Furthermore, Bartlett and Ghoshal (1989) assume the MNE task is tangible, repeated, and defined by the producers. When the task is the provision of a professional service, the assumption of a tangible, repetitive, and measurable task breaks down. The service is negotiated with and customized for the client on an ongoing basis and much of the service is provided in an adhoc rather than a continuous manner. The complexity of the task is increased by multiple clients defining the task. How the service is experienced by the client is crucial for encouraging continuing business. Because the relationships between these firms and their clients are different from the usual relationships between multinational companies and their customers, potentially they pose additional coordination and integration pressures and challenges and thus, require very different integrative responses.

The motive behind most MNEs has been primarily economic and strategic: to exploit knowledge to achieve economies of scale. Thus, knowledge transfer has been central to theories of international coordination and integration. It has been assumed that knowledge is reflected in a product, the entirety of which is to be transferred. However, the internationalization of GBAFs has been motivated by clients and the firms' desires to serve clients (Aharoni, 1993a, Greenwood et al., 1996b, Post, 1995). Much of the knowledge required for service provision in GBAFs is experiential knowledge; the totality of knowledge cannot be transferred and indeed does not need to be transferred. How much is transferred is not measurable, and further transfer cannot be mandated. What is transferred must be transformed and, thus, there is a major role played by the receivers of the knowledge both inside and outside the firm. Indeed sharing knowledge may not be the same as transferring knowledge as it has most often been studied and sharing likely requires the use of considerably different CIPs.

Moreover, a consequence of the knowledge task structure and the partnership form is that the production and marketing of any service occurs simultaneously, must be customized and replicated such that it is locally available. This causes GBAFs to be tremendously geographically dispersed and the challenges for integration are compounded. This dispersion is largely because production and marketing of the service are inseparable, and thus, must be repeated at each location. A dominant factor in the internationalization of accounting firms has been that service delivery has had to be locally rooted and realized by local professionals (Post, 1995) thus posing barriers to high level integration.

Although the role of the international environment impacts on CIPs in MNE theories, rules and regulations around professionalism are unaccounted for. As a consequence the challenges for integration have been somewhat different. Post (1995) states that:

> The existence of entry barriers has forced firms to cooperate with local partner firms. This is especially a concern in countries with an institutional environment with strongly developed rules and regulations of the profession.

On one hand, we have an understanding of the importance of global organizations and of some of the processes by which they may become more competitive and be more likely to remain viable. On the other hand, we have substantive reasons to believe that a complete understanding of the processes required can only be gained by a broader application of the theory to a wider array of MNEs. It is clear that the existing literature for understanding CIPs is replete with assumptions that are problematic for GBAFs and thus may not appropriately cover the array of international CIPs required by some types of MNEs. Based on this assumption, this dissertation addresses the integration problem which GBAFs face, and at the same time begins to extend international coordination and integration process research to the broader realm of MNEs. It accomplishes these two tasks through a qualitative multiple case investigation of CIPs in three of the Big Six Advisory Firms.

III. Support For A Study Of This Nature

To reiterate somewhat, even when broader definitions of CIPs have been used, they have not been applied to professional service firms, and to advisory firms of the type in this research (Bartlett and Ghoshal, 1988, 1989, 1991; Egelhoff, 1988; Galbraith and Karanjian, 1986; Ghoshal, 1987; Pralahad and Doz, 1987). Despite movement toward more "process" level explanations of coordination and integration, there are a number of limitations in the literature to date. The few available empirical studies on coordination and integration in multinational companies are focused on manufacturing firms.

Although many authors attest to the difference between goods production and service provision (Aharoni; 1993a; Giarini, 1987; Greenwood et al., 1990; Schmenner, 1986), little research has assessed whether or not the management of global organizations varies by industry type.

Studies on international management processes have tended to be cross-sectional in nature, with little acknowledgment of the temporal context of organizations; Bartlett and Ghoshal's (1989) concept of administrative heritage is an exception. Insufficient attention has been paid to either the array of circumstances within which the organization operates, or to the impact of changing circumstances on continuous organizational adjustment. The circumstances often ignored are those connected with the history of the organization (Bartlett and Ghoshal, 1989, Greenwood et al., 1996b) or the industry (Greenwood et al., 1996b).

A further limitation of the research to date is that the multinational company is taken as a "unitary" phenomenon. In other words, research treats one multinational company in isolation from other multinational companies and from the broader environment (Ghoshal and Westney, 1993); this limits our knowledge. This dissertation research looks specifically at how CIPs are affected by the relationships between the firm and the client.

Although these firms have the structures and concerns of Bartlett and Ghoshal's transnationals and Hedlund's heterarchy, these authors' ideas are not directly applicable to GBAFs. In the transnational form (Bartlett and Ghoshal, 1989) or any innovative organizational form suggested for global corporations such as the heterarchy and N-Form (Hedlund, 1986, 1994) or meta-national form (Doz et al., 1997), hierarchy is stripped;

many self-contained manageable units are brought together through new patterns of CIPs. Assessing such patterns in GBAFs will further our understanding of coordination and integration processes.

Chapter Two develops a conceptual framework to extend our ideas about international CIPs in the context of the GBAF. However, the framework is likely to evolve throughout the inquiry as the different characteristics and circumstances of GBAFs are accounted for. More specifically, this research deals directly with uncovering how GBAFs are dealing with hybrid structures derived from initial motives for integration and the pressures to evolve to a corporate form that might support the evolving nature of their clients' businesses. Clearly tensions exist around these issues (Greenwood et al., 1996a) and much can be understood about coordination and integration through the analysis of them.

CHAPTER TWO
CONCEPTUAL FRAMEWORK

Underlying this research is the argument that the demands which MNE clients have imposed on global business advisory firms (GBAFs) have altered interdependencies among member firms and have provided impetus for the development and implementation of more, and different, coordination and integration processes (CIPs). To repeat from Chapter One, increasingly the overall level of integration among member firms world-wide is now of central strategic importance. Despite this strategic importance, there are numerous inherent challenges for integration due to the governance structure, the primary task (i.e., professional knowledge), the institutional environment (i.e., the different regulation and licensing environments), and the history of these firms (e.g., multiple mergers, as distinct from takeovers). It is argued that the unique characteristics of GBAFs may cause coordination and integration to occur differently in these firms as compared to other MNEs. By understanding coordination and integration in GBAFs particularly, it is possible to extend our theories on CIPs in MNEs.

The purpose of this chapter is to describe the conceptual framework that guides this research. The chapter is divided into five sections. The first section defines interdependence and CIPs in the context of this research. Drawing mostly on Bartlett and Ghoshal (1989, 1993) and Hedlund (1986, 1994), the second section discusses how coordination and integration occur in multinational enterprises researched to date. The third section focuses on GBAFs as a unique set of MNEs. It first provides an analysis of the market context facing GBAFs and then identifies obvious implications for interdependencies as well as CIPs. As such, the section is meant to show the relevance and the timeliness of addressing this topic in these firms. The fourth section provides a preliminary view of how well the existing theoretical perspectives explain coordination and integration as they occur in the Advisory firms then begins to explain what variations in the theory might occur and why these variations might occur. Through this process a preliminary conceptual framework is devised. Important here is the distinction between a conceptual framework - an array of concepts expected to be helpful in eliciting the kind of information required for analysis and understanding of the phenomenon - and a theoretical framework - in which the expected relationships among concepts are clearly articulated and subsequently tested. Given the absence of directly related theoretical underpinnings for this research, a conceptual framework is derived drawing on international management theories of CIPs (none of which is focused on professional services) and on the accounting literature (mostly domestic based). The expectation is that the concepts become increasingly refined during the research process. In other words, through the tasks of the research, the conceptual framework is expected to evolve to account for concepts that reflect the unique qualities of GBAFs. The fifth section combines theoretical ideas on international CIPs with present knowledge of the Advisory Firms into an initial conceptual framework.

I. Interdependence And Coordination And Integration Processes Defined

For the purposes of this research, interdependence refers to exchanges between different organizational sub-units and work groups. The compilation of the task requires each unit to depend on another. Coordination and integration processes are the organization's tools (e.g., actions, activities, or series of events) for achieving unity of effort among the various units or subsystems for the accomplishment of the task. In other words, CIPs result in the achievement of a certain level of overall integration (Lawrence and Lorsch, 1967; Thompson, 1967).

An important relationship between environmental complexity, interdependence among organizational units, and CIPs is first articulated in the works of Lawrence and Lorsch (1967) and Thompson (1967). The authors argue that for organizations to be effective, they must segment themselves into units so that each unit has the problem of attending to certain conditions both inside and outside the organization. Greater differentiation is required in more uncertain environments. But a large amount of differentiation creates inter-unit conflict which then needs to be resolved. Accordingly, differentiation naturally leads to the need for the organization to subsequently integrate these units. Effective functioning of an organization arises out of an "appropriateness" amidst the uncertainty and diversity in the environment, the amount of differentiation in the organization, and the degree of integration and conflict resolution achieved (Lawrence and Lorsch, 1967). The appropriate processes of coordination and integration are dependent on the way in which, and the extent to which, the units of the organization are interdependent. The processes that are required within the organization exist in terms of the organization's relationship with various aspects of its environment, but are clearly associated with the basic activities of the organization's primary task (Thompson, 1967).

This early research acknowledges that organizations may exhibit several types of interdependencies simultaneously. With increased interdependence, the logistical difficulties as well as the costs of coordination and integration rise; also increased interdependencies promote conflict within the organization. Therefore, specific CIPs need to facilitate conflict resolution (e.g., organizational units may cluster to resolve some of the conflict) in order for the organization to be effective.

Essentially unaccounted for in this early coordination and integration literature, perhaps because of the nature of the organizations observed at the time by Thompson (1967) and Lawrence and Lorsch (1967), is the potential multidimensionality, complexity, and changing nature of the organization's dominant tasks. Likewise, the possibility that CIPs may depend on an organization's context and history is largely ignored.

II. Coordination And Integration Processes In MNEs

Bartlett and Ghoshal (1989) build upon this early work on CIPs by applying many of these concepts to the complex circumstances of the multinational enterprise: They begin to show how the nature of the task, the global context, and to a certain extent, the aspects of the organization's history (c.f. Kimberly, 1987) have implications for the relationships detailed in the theories of coordination and integration (Lawrence and Lorsch, 1967; Thompson, 1967).

To restate from Chapter One, Bartlett and Ghoshal (1989) argue that the demands of a continuously changing and global environment have caused a number of organizations to substantially change their organizational form (i.e., move toward the transnational form) in order to remain competitive. The required form is one in which the configuration of assets and capabilities is dispersed and there are complex interdependencies among product, functional, and geographical groups. The assets and capabilities within the firm are specialized within the various overseas units and contribute differentially to worldwide operations. Knowledge within this organizational form is widely developed and dispersed. Central to global effectiveness, the authors argue, is managerial perspective and action as reflected in the appropriate coordination and integration of organizational units. Control of the MNE is manifested in the simultaneous attainment of global efficiency, local responsiveness, and innovative capacity. Control lies in the development of decision making systems, administrative systems, interpersonal systems, and communication systems.

Bartlett and Ghoshal's (1989) strong belief in the importance of organizational capability for cross border management success comes out of nine in-depth case studies along with findings from two separate rounds of survey data. Arising from their empirical work over a number of years is a framework which suggests that companies differentiate their management processes for different categories of subsidiaries, and that this appropriate differentiation increases performance. They argue that subsidiaries are assigned different roles dependent on the importance of each subsidiary's strategic environment and the level of local resources and capabilities within each subsidiary. Their articulation of these relationships is provided in the following two sub-sections.

II.1 Interdependencies And CIPs

The important interdependencies requiring the support of a number of CIPS concern product, resource, and knowledge exchanges among units. The exchange of products pertains to the interconnections through which subsidiaries of MNEs access raw materials and supplies, combine components and subassemblies, or get their product distributed throughout the multinational network. Resource interdependencies pertain to the allocation of capital and repatriation of dividends, the transfer of technology, and the movement of personnel.

Critical to all conceptualizations of new global forms is the importance of knowledge interdependencies. Bartlett and Ghoshal talk about the importance of information exchange. As part of that, they refer to exchanges of raw data, analytic data, and to sharing of knowledge. Hedlund (1994) raises the issue that there are different types of knowledge (i.e., articulated and tacit), different modes of knowledge (i.e., knowledge development, transfer, transformation), and a number of levels at which knowledge exchange takes place (i.e., individual, group, inter-firm). Consequently, there are likely to be distinct ways of managing for various purposes.

II.1.1 Three Types Of Coordination and Integration Processes

Bartlett and Ghoshal (1989) empirically found that the various interdependencies are associated with or are quite specifically supported by central, formal, and social processes. Central processes are the activities of individuals or groups who have been delegated responsibility and have authority to make decisions that bring units together. Much of the multinational literature assumes a dominant role for central processes in coordination and integration of units; this is reflected in the predominant rhetoric of parent-subsidiary relations.

Formal processes are systems, policies, procedures, and standards that bring increased unity among units. The direction lies in codified and routinized decision making and thus is not personally driven. The complexity of MNEs (e.g., the variety of economic, political, legal, cultural, and social environments in which each one operates) makes formal processes challenging.

Social processes are actions and activities through which people in the organization come to hold common values that support certain actions over other actions (e.g., face to face interactions, international training, expatriate transfers, recruitment and appraisal processes). Social processes bring about an informal network in which there is considerable common understanding that guides how work gets done. More than other authors writing on international management processes, Bartlett and Ghoshal emphasize the importance of social processes for effective global functioning.

II.1.2 Relationships Between Interdependencies And CIPs

Bartlett and Ghoshal's (1989) empirical analysis indicates that formal processes of coordination and integration are often used to support product interdependencies. Resource exchanges occur primarily through central processes of coordination and integration. The qualities of information and knowledge (e.g., large volume, complexity, and diversity) make central or formal processes of coordination insufficient for knowledge interdependencies. Social processes, however, which sensitize local managers to the corporate objectives and to other units' requirements, seem to be appropriate means by which knowledge interdependencies can be supported.

Bartlett and Ghoshal (1989) go further than suggesting differentiated processes for different interdependencies by proposing that interdependencies and their appropriate CIPs are defined by the subsidiaries' roles and responsibilities. These roles and responsibilities are assigned based on the subsidiary context. The context is in terms of the complexity of the environment (i.e., its strategic importance) and in terms of its capabilities (i.e., available resources). On this basis then certain interdependencies (i.e., product, resource, information) are predominant and, therefore, certain processes become appropriate. For example, subsidiaries in a non-strategic environment with limited capability (e.g., few resources) play an "implementor role." These subsidiaries neither contribute information nor contribute significantly to the resources of the worldwide firm; instead, they are dependent on other parts of the world-wide organization. The predominant interdependencies then have to do with products, and formal processes are the important means of coordination and integration.

Subsidiaries that have substantial internal resources, are not reliant on other parts of the organization, and have no information that is essential to the rest of the organization play a "contributor role" within the world-wide organization. Because of their resource potential, the predominant interdependencies refer to resources in which central processes of coordination and integration should be used.

"Blackholes" are strategically located subsidiaries that have no internal capabilities; they require both information and resources from other parts of the organization. As a result, knowledge and resource interdependencies are predominant. Thus, central processes are important for resource transfer, and socialization processes are important for information transfer.

Finally, some subsidiaries play a "lead role" in the world-wide organization. Such subsidiaries are an important source of capabilities so that information and product flows are predominant; formal processes are required to support the flow of products and social processes to support the flow of information.

Systematic differentiation, as referred to by Bartlett and Ghoshal (1989) occurs where the performance of the multinational enterprise is enhanced when the MNE has differential headquarter-subsidiary relations that align with the different contexts of the various subsidiaries. Bartlett and Ghoshal (1989) state:

> The important finding is that companies can and should differentiate the way they coordinate organizational units. Management should vary the mix of centralization of authority, formalization of systems, and socialization of managers according to the nature of the task and the strategic role of the units being coordinated. (p. 173).

Although task difference is accounted for in the authors' sample, it is clearly assumed that the task is internally defined.

Nohria and Ghoshal's (1994) subsequent work on differential roles of subsidiaries again supports the importance of a mix of processes. They argue further that there is the potential for shared values among subsidiaries and headquarters to govern relations among units of a worldwide organization.

The central tenet of what the authors are saying is that to be globally efficient, locally responsive, and able to leverage knowledge within the organization, assets and capabilities must be configured appropriately, rules must be assigned to certain things but not to others, and knowledge must be located and shared. Adding somewhat to this complexity is the fact that an interactive relationship occurs between interdependencies and CIPs. Bartlett and Ghoshal (1989) state:

> Some interdependencies are reciprocal, some are sequential.... some are automatic outcomes of the specialized and distributed configuration of assets and resources, some are specifically designed to build self-enforcing cooperation among interdependent units. (p. 61).

The idea is that CIPs not only support existing interdependencies but also create interdependencies. This is because increasing differentiation is likely to highlight differential interests thus, there is an inherent need for processes to build interdependencies that can reduce the increasing conflicts and tensions.

Bartlett and Ghoshal (1989) argue that interdependencies are in terms of product, resource, and information flows, and that these various interdependencies are best supported by central, formal, or social processes as appropriate. Further, they argue that there is a "right" balance that needs to be attained among the CIPs. The right combination includes processes that support global efficiency, local responsiveness, and an enhancement and diffusion of knowledge. The right array of processes must also support a balance between business management capabilities, geographic capabilities, and functional capabilities; the balance is achievable only through an array of flexible CIPs. The authors imply that numerous, diverse, and flexible processes may configure or adhere together in identifiable ways to best support or align with various interdependencies among subsidiaries.

Finally, going still further, they argue that the appropriate constellation of CIPs is influenced by the organizational history of the firm and the context. Regarding the impact of history, Bartlett and Ghoshal (1989) state that:

> The influence of a nation's history, infrastructure, and culture permeates all aspects of life within the country including the norms, values, and behaviors of managers in its national companies. Nationally influenced behavioral characteristics become an ingrained part of each company's "way of doing things" and shape its international organization structure and processes. (p. 42).

Bartlett and Ghoshal (1989) describe the impact of context in this way:

> The context in which management decides to expand operations abroad and the environment in which it executes that decision also have an enduring influence. Early choices about products, markets, and modes of operation are locked in through decisions about asset configuration and organization structure, constraining future options. (p. 47).

A summary of Bartlett and Ghoshal's ideas is depicted in Table 2.1.

Table 2.1
Theoretical Ideas Of Bartlett And Ghoshal (1989)

Subsidiary Context	Importance of Particular Interdependencies	Most Supportive Processes	Moderating Factors - Country Context Organization History
1. Strategic importance of local environment is low and level of local resources and capabilities is low (subsidiary plays implementor role)	Product Interdependencies important	Formal processes	Characteristics of the parent company's culture impacts coordination and integration processes, historical pattern of leadership, the configuration of assets and responsibilities, management style, internal culture and values. All potentially impact CIPs.
2. Strategic importance of local environment is low and level of local resources and capabilities is high (subsidiary plays contributor role)	Resource interdependencies important to get exchange of resources going	Central processes	Same as above
3. Strategic importance of local environment is high and level of local resource and capabilities is low (subsidiary plays blackhole role)	Resource and knowledge interdependencies are important.	Central processes important for resource interdependencies, and social processes important for knowledge interdependencies	Same as above
4. Strategic importance of local environment is high and level of local resources and capabilities is high (subsidiary plays strategic leader role)	Product and knowledge interdependencies most important	Formal processes important for product interdependencies, and social processes important for knowledge interdependencies	Same as above

There are a number of authors with similar ideas about organizing and managing new global forms. Hedlund (1994) puts it this way:

> In the recent discussions of the modern MNC, there is a broad convergence of views among analysts such as Bartlett and Ghoshal (1989), Doz and Pralahad (1987), White and Poynter (1990) and Hedlund (1986, 1994). They all emphasize: geographical dispersion of strategic assets and leadership roles; upgrading of the role of 'foreign subsidiaries;' horizontal communication across borders; utilization of knowledge from several organizational bases; the impotence of solely formal methods of coordination; new roles for management at headquarters as well as other levels. It is significant that the arguments for the 'transnational' (Bartlett and Ghoshal) as well as the 'heterarchy' (Hedlund) rely to a large extent on an assumption that a significant role of the MNC is one of knowledge creation and transfer. (pg. 87).

There is indeed agreement among authors about the organizational features of MNEs but Hedlund (1994), more than others, begins to articulate how the nature of the task may have implications for the way in which coordination and integration occur. Although Bartlett and Ghoshal (1989) assume that a major role of the multinational enterprise is to create and transfer knowledge and, in fact, argue that organizations predicated on knowledge and expertise, instead of capital or scale, have different requirements for CIPs, they demonstrate little success in describing those requirements. Hedlund (1994) more clearly argues that knowledge management lies at the heart of successful multinational activity. He describes different knowledge types and processes and discusses the potential implications for coordination and integration.

When organizations evolve according to a logic of knowledge management, the organization becomes one in which there are multiple strategic apexes that switch over time, and there is a complex mix of organizing principles operating at any point in time. The important CIPs are those that support a heterarchical form (Hedlund, 1986; 1994). In other words, to effectively manage knowledge the important processes are those that support putting things together rather than dividing them up. Important processes are those that support temporary constellations of people and units rather than permanent structures, encourage the engagement in dialogue of personnel at lower levels of interfunctional, interdivisional, and international exchanges, support lateral versus hierarchical dialogue, support top management more as an architect of communications and a protector of knowledge than as a monitor or resource allocator, and finally, support the combining of knowledge elements rather than support semi-independent parts.

Hedlund (1994), more clearly than other authors, pays attention to the complexity of knowledge flows in the multinational enterprise by recognizing an interplay between tacit and articulated knowledge. As well, he recognizes the existence of different knowledge forms at, and between, different levels of the organization (i.e., knowledge exists at the individual, small group, organizational, and inter-organizational level). His idea is that certain CIPs support knowledge storage, transfer, and transformation of these various types of knowledge at the different levels. These ideas are important in that they add to a conceptual framework for pursuing an understanding of CIPs in MNEs generally and advisory firms specifically. Organizing internally in a way that best supports different knowledge interdependencies may be increasingly key to competitive advantage in GBAFs.

To summarize, Bartlett and Ghoshal (1989) argue that increased interdependence within organizations is essential in a rapidly globalizing environment. The increased interdependencies require more complex CIPs than in the past in order to achieve a unity of effort that allows the organization to be globally efficient and locally responsive, while simultaneously able to develop and diffuse knowledge. The important interdependencies refer to product, resource, and knowledge exchange; central, formal, or social coordination processes, as appropriate, best support these various interdependencies. A flexible array of processes is essential to obtain a balance among management capabilities, geographic capabilities, and functional capabilities, and a balance in terms of global efficiency, local responsiveness, and innovative capacity. The authors likewise suggest the potential exists for identifying the "right" array of processes for a given situation.

Hedlund (1994) contends that heterarchical form is critical to MNE functioning and that certain CIPs support different knowledge interdependencies at different levels of the organization. Cognizance of the importance of different knowledge aspects for coordination was thus accounted for in the conceptual framework developed for this investigation.

III. Global Advisory Firms As Unique MNEs: Implications For Interdependencies And Coordination And Integration Processes

Similar to other organizations upon which international management theories on CIPs are predicated, the advisory firms find themselves in an increasingly global industry with pressures to become more interdependent and utilize more or different CIPs. However, despite similar circumstances, GBAFs are a different type of MNE and their unique characteristics, context, and history pose additional integration challenges. The following four subsections provide:

1) a description of the changing market context of these firms;

2) a description of the GBAFs' initial responses to this context;

3) a discussion about the additional challenges for integration in global business advisory firms relative to other MNEs, and

4) a discussion about the ways in which present theories fail to account for the different nature of these firms.

All the above indicate the need for further conceptualization.

III.1 Changing Market Context And Implications For Interdependencies

Greenwood et al. (1996a) provide an extensive analysis of how and why the market context has been changing in the accounting industry. First, the GBAFs have faced a tremendous increase in competition. Audit, once the central activity of the firms, now lays claim to a decreasing percentage of the volume of fees, and profitability from audit and accounting services is also declining. The increase in competition for audits has occurred for a number of reasons. There has been a restructuring of the market whereby numerous mergers and takeovers over the past several years have resulted in fewer large clients needing audit services. The firms are concerned that the remaining large clients may have an increased propensity over time to switch auditors for a better deal (Greenwood, Cooper, Hinings, and Brown, 1993); this has further heightened competition. Somewhat supporting the firms' concern about clients' propensity to switch is that there has been a decrease in the number of advertising constraints on professional service firms. The audit itself has become standardized and thus a commodity which has resulted in increased competition. Differentiation of audit and accounting services has become particularly difficult. Large clients have increasingly taken many aspects of audit and accounting into departments inside their own companies. Likewise, the increase in litigation on the audits conducted by firms has made audit and accounting less desirable service offerings or desirable only in the context of particular types of clients.

Simultaneously with the decline in audit and accounting opportunities there has been, since 1985, large growth in the business services market. Clients have had an increased need for services such as valuations, and insolvency and management consulting. Particularly the increase in the demand for management consulting services, and thus the inherent need for information technology, is putting significant pressure on the firms to achieve a higher level of overall integration among their member firms (Greenwood et al., 1996a). In addition to a demand for single services on a worldwide basis, there is a demand for arrays of single services to be integrated. Clients now have multiple needs, spanning multiple disciplines (e.g., audit, tax, consulting). Partners have to find ways to simultaneously deliver a spectrum of services in an integrated fashion while providing efficient and effective points of contact.

As well, clients have become increasingly interested in "value-adding" services. This requires the firms to have very specialized, industry specific knowledge. The firms must identify and harness any relevant expertise existing worldwide, and efficiently and effectively bring it together in ways they have not had to before. Consequently, the firms must build industry expertise. Teams of people who have experience and skills in an industry align with that industry and provide services to that industry no matter where the people are located; people of different disciplines but specializing in a particular industry are pooled together to form specialized units with a wide expertise base in the industry.

Another important aspect of all the Advisory firms' context has been the pressure for improved harmonization of national accounting standards. For example, the International Accounting Standards Committee (IASC) sought to increase harmonization of standards and, by 1992, had professional bodies from 78 countries as members (McKee and Garner, 1996). Although standards still remain more nationally specific than internationally similar, the contextual pressure is there.

III.2 GBAFs Responses To Their Changing Market Context

In looking at accounting firms' motives for internationalization, modes of entry, and organizational structures, Post (1995) suggests that there is now a movement by Advisory firms away from the hybrid (federated) structure. The hybrid is congruent with their initial motive for internationalization of following clients and also congruent with the institutionalized environment within which they exist. The movement away from the hybrid is a trend toward total ownership structures with central control, a structure more typical of other MNEs.

Greenwood et al. (1996a) note the same trend, but also articulate important processes underlying both traditional and new structures. They describe the organizational consequences of the changing market context in the language of archetypes (i.e., structure and process templates for organizing). They argue that as a result of market changes, GBAFs have begun to move away from the P2 archetype (the dominant way of organizing prior to 1985) and towards what they refer to as the Managed Professional Business archetype. Their comparative case analysis of this movement in two of the Big Six Business Advisory firms, and of the specific organizational practices, provides substantive rationale for focusing on CIPs in GBAFs. Also, their analysis provides a starting point for application of the theoretical ideas on international CIPs and an initial point from which to explore possible variations in these theories. As such, a brief discussion of the two archetypes is warranted.

The P2 archetype was the dominant archetype in these firms prior to 1985 (Greenwood, Hinings, and Brown, 1990; Greenwood et. al., 1996a). The P2 form is an archetype in which the firms' corporate strategies focus mostly on audit, accounting, tax, and some management consulting. Primary strategic concerns for firms in the archetype are increasing quality, improving client convenience, cross-selling of services, and gaining client loyalty. The firms operating in this archetype are run by a Board of Partners and an Executive Committee. The formal structure has minimal hierarchy. Instead the structure comprises a number of collegial arrangements: Committees of partners representing the different functional and geographical parts of the firm take responsibility for the major functional areas (e.g., audit services) and managerial responsibilities (e.g., practice development). Through these lateral collegial arrangements, control and unity of effort are achieved. The theme determining the composition of these committees is a representative democracy well advanced by electing partners to the senior managerial positions for temporary periods of time; managerial specialization is of modest degree. In terms of human resources, the dominant P2 theme is that partners either move up toward partnership, or move out of the firm; there is one career path. Compensation is lock step in nature: rewards are aligned with seniority and experience more than with individual performance. Decision processes predominantly involve negotiation, consensus building, and re-cycling. Successful implementation of decisions is dependent on professionals' acceptance of the decisions and their personal commitment to the implementation; in other words, the strategic capability of the firms is modest. Planning is year by year rather than long term and, essentially, offices have no real accountability to the broader organization.

The archetype or organizational template toward which the firms appear to be moving, the Managed Professional Business archetype (Cooper, Hinings, Greenwood, and Brown, 1996; Greenwood et al., 1996a), is one in which the firms' dominant focus is on the development of management consulting as well as specialized accounting services. As in the P2 form, the firms' competitive strategy is based upon quality, convenience, and cross-selling but also entails a focus on differentiation by industry, by service, and by geography (Brown, Cooper, Greenwood and Hinings, 1995).

In terms of structure, there is movement toward a more defined hierarchy with continued existence of collegial structures. Managerial specialization is increasing. In terms of human resources, there are multiple career paths such that both partner and non-partner opportunities are available. Criteria for partnership now extends beyond technical competence and includes a partner's ability to grow the business. Compensation becomes more merit based rather than based on experience and seniority. In terms of decision making, the firms are driving for a more strategic capability grounded in a more authoritative style of decision making. The time horizons for strategic planning extend over a number of years and there is clear, monitored accountability for achieving strategic targets.

The salient findings by Greenwood et al. (1996a), and those directly supporting the purpose and objectives of this dissertation, are that the primary responses to the changed market have been movement away from audit and accounting services; an increased strategic focus on developing and implementing new services; and an increased focus on internal differentiation. Internal differentiation is presently being manifested in at least four ways (Greenwood et al., 1996a):

1) differentiation horizontally through an increased number of services;

2) differentiation functionally whereby numerous "experts" are deemed significant to the overall practice;

> 3) differentiation geographically whereby some offices make concerted efforts to sustain themselves and are less willing to subsidize other offices with fewer resources or less managerial skill; and
>
> 4) differentiation demographically as younger partners' skills become more essential in new services and they make increased demands for compensation and recognition.

The authors further argue that a fundamental shift has occurred in terms of the dominant ideas underlying the organization of these firms; these dominant ideas are increasingly aligned with those which underlie the running of a corporate business rather than a professional service firm. The consequence is that managed control is increasingly emphasized over professional autonomy.

These findings give rise to the central question of this dissertation: How do member firms coordinate and integrate themselves to bring about the level of integration necessary to service complex global clients? Numerous challenges can be expected given that technical requirements of audit and management consulting are different. Different sets of values and beliefs are held by the professionals working in each of these two areas in terms of their ideas about clients and about appropriate ways of serving them. The coordination challenge is heightened by the increasing differentiation that has given rise to competing interests among the various groups (Greenwood et al., 1996a). There are conflicts in relation to bringing different services and service providers together, bringing partners and non-partners together, elevating and bringing managerial partners together with service partners, and bringing senior and junior level partners together on assignments.

A tension exists whereby coordination and integration of GBAFs has become essential for competitive advantage but simultaneously there are significant barriers to such coordination and integration. Furthermore, it can be re-stated that the usual processes for bringing units together or for breaking down conflicts (e.g., centralized authority) are not sufficient in GBAFs given the professional knowledge task, governance structure, and institutional environment.

III.3 Relevance Of International Management Theories On CIPs For GBAFs

Because of international management theorists' assertions that managed control is being emphasized over professional autonomy, the specific application of Bartlett and Ghoshal's (1989) and Hedlund's (1986, 1994) ideas of managed control of the multinational enterprises gains substantive relevance. The findings of Greenwood et al. (1996a) provide a solid starting point from which to explain possible variations in CIPs in GBAFs.

There is no reason to believe that interdependencies in GBAFs cannot be understood in terms of the interdependencies (i.e., product, resource, knowledge) articulated by Bartlett and Ghoshal (1989). However, there is a re-defining that must occur. What constitutes interdependencies and CIPs in professional business advisory organizations? The next two sub-sections specifically address important considerations around interdependencies and processes in such firms.

III.3.1 Interdependencies

Service Interdependencies. Some re-defining needs to occur in terms of what constitutes "product" interdependencies in professional business advisory firms. It is not so much product interdependencies that require CIPs in Advisory firms; instead, it is service interdependencies that are important. Service interdependencies are exchanges among offices of information or knowledge among offices that must occur in order for the total service to be provided to the client. Service interdependence occurs in any situation where there is a reliance among partners within the same firm or between different firms on each providing a portion of the work necessary to meet the clients' total demands. The interdependence may be in relation to a single service; for example, different parts of the audit are done by different offices and are brought together in a consolidated report. Similarly, the interdependence can be in relation to a management consulting task or a tax assignment. The interdependence may be in relation to any combination of services being offered simultaneously.

The service task is significantly different from the product task. These differences have implications for CIPs, thus warranting considerable discussion. First, the service task is diverse. As previously mentioned, GBAFs provide single services (e.g., audit, tax, consulting, insolvency) across diverse locations; an array of services simultaneously and, increasingly, provide industry "expert" advice. Hence, the service task is multidimensional; each dimension of the task potentially requires something different in terms of coordination and integration. An integrated audit task, for example, may be coordinated differently to a management consulting task; both tasks likely encompass a range of CIPs. When a combination of service tasks is required or when the need for industry expert advice drives the service task, the requirements for coordination and integration are apt to be different. For example, processes that enhance sharing, transfer, and transformation of knowledge sources may take precedence over processes that ensure technical knowledge is disseminated.

Second, the service task requires less physical capital than the product task.

Instead the service task requires more human resources with a significant knowledge base. Furthermore, the origins of that knowledge base lie in the professional training of individuals through which they acquire a specific body of knowledge. They apply prototypes learned through their training and experience; their professional status gives them autonomy to fit learned prototypes to situations as appropriate. Independence and autonomy in applying the knowledge base (limited only by some ethical guidelines) create a strong ethos among the providers of service; this makes hierarchical and bureaucratic structures unwelcome methods of control. In other words, the usual processes of coordination and integration do not work. In the case of product interdependencies for example, routines can be standardized which are amenable to bureaucratic control (central and formal processes). However, in the professional service firms, it is only the skill that is standardized, thus, processes of integration become more challenging.

Third, the service task is not repetitive, as the product task often is. The service is consumed at the same time it is produced and is non-storable, it is negotiated with, and customized for, the client on an ongoing basis, and there is considerable intervention by the client (i.e., interaction between the provider of the service and the client) in terms of defining the task and evaluating the output.

Fourth, the output of the service task is intangible and not easily measurable. Its quality is in relation to the client's judgment, and that judgment hinges on the experience of attaining the service as much as on the end result. The importance of the client's role in defining the task and evaluating the firm's output (i.e., overall ability to internally organize to serve the client) cannot be overstated and how the service is experienced by the client is important for ongoing business. Reputation is a key strategic resource of GBAFs. The professionalism of the firm and the interactive nature of the client's involvement in the service task often requires providers to be in close proximity to the client, further constraining coordination and integration options.

Fifth, there are differences between the service and product task in terms of delivery of service issues. The number of outputs tends to be relatively less with the service task and demand is less easily forecast; however, this varies by the specific service task. For example, audit is mainly recurring business as opposed to management consulting which tends to be project based (non-recurring). Similarly delivery of service and change to service can be further complicated when task responsibility is not clearly divisible within the task. For example, marketing, production, and distribution are integrated into a single role.

Sixth, there are productivity differences usually found in different parts of any MNE that complicate coordination and integration. Aharoni (1995) argues these differences are likely greater in professional service firms. He contends that these differences are more likely to be hidden or difficult to measure in professional service firms because they are in the form of lost opportunities (i.e., clients or services). Thus, one can infer significant implications for CIPs.

Finally, the "professionalism" inherent in the service task makes learning difficult because of customization and professional autonomy. Tensions are created by the greater need to learn from one another in professional service firms. In fact, that learning is critical to competitive advantage but simultaneously the nature of the task (which requires professional skill) makes learning from one another difficult. We can thus expect substantive complications around knowledge exchange.

In summary, coordination and integration are interesting to pursue given the multiplicity of the service task; the ambiguity of the task in terms of output and output evaluation; the non-repetitive nature of the task and the need for customization, the non-recurrent aspects of some of the work; the interactive relationship with the client who helps define the task and assess the output; and the role of human capital. The fact remains that usual processes for achieving higher level integration are not possible.

Human Resource Interdependencies. The requirement for this study, in terms of identifying human resource interdependencies, is to understand how these firms ensure that human resources are available and appropriate to meet the demands of global clients. It is essential to focus on how people from multiple locations are brought together to serve clients. The predominant theories focus on expatriate management as the means of ensuring appropriate functioning (e.g., Adler, 1991; Tung, 1988). However, the importance and feasibility of secondments and transfers, the barriers to secondment and transfer implementation, and the factors affecting their success are all apt to be different in GBAFs due to the governance structure and professional task. For example, an office is unlikely to give up one of its "high flyers" if it reaps no benefit. There is likely to be resistance by high resource offices to continuously subsidizing another office. Also, the client portfolios are sufficiently diverse that there could be much to lose locally if an individual is seconded; once a partner's clients are lost, it is difficult for the partner to regain them upon return. Thus, the focus must be on how GBAFs are arriving at and maintaining strong service teams.

Financial Resource Interdependencies. Initially when GBAFs started following clients, the firms were linked, in a sense, financially or were held together through referrals to one another. The global scene has changed significantly and now these financial interdependencies are much more complicated. As a result, in looking at financial interdependencies in GBAFs, it is important to investigate how financial resources are shared among offices such that partners in all locations are motivated to provide the best service possible to global clients (Aharoni, 1995). Inquiries must be made into the internal negotiations of billable hours; differential partnership fees across boundaries; reconciliation of fee disputes (disputes with clients or internal disputes which both have potential to impact CIPs), and remuneration based on local profits and/or required contributions to worldwide cost sharing arrangements for serving global clients.

Technological Resource Interdependencies. There is more pressure on GBAFs than ever before to make service efficient within firms and with other professional service firms over a broader and still increasing span of countries. Each of the Big Six firms has heavily invested in attaining similar audit, management consulting, information technology, and other methodologies in order to standardize all dimensions of the work. High level technologies are used to consummate different methodologies. The depiction by members of the Big Six firms is that the methodologies are similarly applied worldwide; however, the degree of consistency actually achieved is questioned by recent research. Rather there are indications that the methodologies are realized in different ways, by different practitioners, in different situations, in different places (Barrett, Cooper, and Jamal, 1997).

The inquiry around technological interdependence needs to focus on identifying the exchanges that occur between offices in terms of methodological developments and/or implementations of worldwide audit, management consulting, and tax methodologies.

Knowledge Interdependencies. According primarily to Hedlund (1994) and also to Aharoni (1995), different types of information and knowledge are exchanged among the firms who provide service to global clients. it is important to pay attention to what knowledge is stored and how it is stored and also to what knowledge is transferred and how it is transferred. The level at which knowledge relevant to serving the client is flowing (i.e., is the knowledge flowing within organizations or is it flowing between organizations?) warrants attention. Is the knowledge connected with a particular client used peripherally? In other words, it is important to know whether knowledge is transformed for use in another client case. It is likewise important to gain theoretical understanding of whether tensions exist around knowledge storage, access, transfer, or transformation. The accounting literature suggests that there are significant barriers to knowledge sharing in professional business service organizations (Aharoni, 1995).

III.3.2 Coordination And Integration Processes In GBAFs

Just as it is important to identify the similarities and differences in interdependencies between GBAFs and other MNEs, it is similarly important to identify potential differences in the forms of CIPs used in these firms to date as compared to those used in other MNEs. The shape of these processes will reflect the uniqueness of the authority relations inherent in the partnership form and the nature of professional work. Thus we assume that central processes will be less present or present in different forms than those with which we are familiar. We must be cognizant of the fact that all the processes lie on a continuum. In other words, a central process may provide control to different degrees. A modest interventionist action found in MNEs may have greater centralizing effects in professional service firms. Similarly, the level of formalization in a GBAF may be much lower than in a typical MNE, yet still be a strong integrative device in these firms. Subsequent discussion of the nature and potential occurrence of the three processes leads into the final section of this chapter in which the concepts guiding this study, and the possible relationships among them, are summarized.

Central Processes. As it was important to conceptualize the possible similarities and differences in interdependencies between GBAFs and MNEs most often studied, it is similarly important to cite potential differences in the existence and form of CIPs in these firms as we have seen them to date. The literature specific to these firms has shown that the governance structure and primary task have significant implications for the relationship between the national office (the center of these organizations) and the local offices (peripheral parts) (Greenwood et al., 1990). More specifically, strong allegiances to the partnership form and the application of professional skill/mentality create a situation in which the relationship between the center and the periphery is different from the relationship between headquarters and subsidiaries. The stronger the adherence to the P2 form and to professional ethos, the less likely it is that central processes of coordination and integration will be operating and the more difficult it will be to implement them. Initial research at the international level shows this to be similarly true for the relationship between the international firm and its peripheral national offices although to a somewhat lesser extent (Greenwood et al., 1996b).

Therefore, there may be continued adherence to a partnership form and a professional ethos that has served the interests of many partners for a long time (and still may serve the audit task well), while at the same time there is likely to be adherence by an increasing number of people to the more corporate form, or managed professional business form, that will better serve the interests of new groups (e.g., management consultants) (Greenwood et al., 1996b). As such, the development and implementation of central processes as a means of integration will be more enthusiastically supported by the new groups. Consequently, not only the occurrence of these processes is significant (as in the international management literature focused on) but so also are the tensions around central processes that may exist.

Formal Processes. Numerous examples of formal processes at both the national and international levels of Advisory firms are discussed in the literature. First, standards for each type of service, reflected in national service manuals, have been developed to coordinate and integrate tasks. Also, there has been the implementation of national training to standardize and integrate the actions of personnel across local offices. In a single, internationally focused case study of a Big Six Advisory Firm (Ferner, Edwards, and Sisson, 1994), the authors report that former professional codes of conduct and ethics guiding professionals' ways of operating were not sufficient to ensure that similar standards were followed across locations to the degree necessary to meet the demands of the clients. Thus, an international audit manual was developed to pressure national offices toward common standards. Subsequent enforcement of standards was achieved in two ways: First, audit specialists were guided by internationally-organized technical training programs; second, there were periodic inter-office inspections done by peers. There was an explicit penalty for neglecting these standards, which entailed the removal of the right for the office to use the name of the international firm. In other areas of this particular international firm, policies and standards were somewhat less formalized. For example, although international committees were devising standards or strategic policies referring to recruitment, appraisal, transfers, and to good general practice supportive of the global interests of the firm, few penalties were imposed for violations.

The few examples identified above explicitly show GBAFs using more formal processes. One can infer also that the increasing desire and obligation of these firms to serve multiple global clients puts increasing pressure on them to adopt more formal processes. This formalization provides firms with a means of establishing and maintaining some degree of strategic and marketing coherence among their units that will better allow them to obtain clients and satisfactorily meet their needs (Brown et al., 1995).

Given that large MNE clients are moving on new market opportunities in places such as China, Eastern Europe, and the former Soviet Union, the Big Six Advisory Firms need to organize to serve in these new markets which are still uncertain due to changing political and economic circumstances. Formal processes of coordination and integration have potential to support the interdependencies necessary to ensure start-up funds for these markets. In the past, there has been a mostly informal system for drawing the capital for such investments whereby national firms have agreed to gather the financial resources and supply the staff. These informal systems are increasingly insufficient (Brown et al., 1995); informal arrangements may also no longer be sufficient to deal with the extent of new practice development required in emerging markets. As well, the propensity of an individual firm towards "subsidizing" new office developments seems to be declining in today's more competitive environment, thus, more formal liaison arrangements, or "god fathering" arrangements have begun to occur (Greenwood et al., 1996a).

Furthermore, given the competitive context for advisory firms, there are increasing pressures for processes to be formalized in order to strengthen former loose alliances at the different levels of the organization; also the firms have begun to build alliances within geographic areas. For example, national firms in Western Europe are devising ways to operate as an integrated federation referred to as the European firm (Brown et al., 1995). Investigation into these arrangements may show that formal processes are supporting these higher levels of integration. There are also indications that these firms are interacting increasingly with other Big Six firms (e.g., national and international HRM directors from all the firms meet to exchange information) and are coming into contact with other types of business service firms (e.g., corporate entities like IBM) (Greenwood et al., 1996a). Again such occurrences are likely supported by formal processes that have not been necessary previously.

Finally, we need to recognize that there are broader institutional pressures for the firms to adopt more formal processes if only because their clients have increased formal processes to be successful globally. Formal processes have supported clients' diversification efforts; helped clients achieve better quality and consistency across locations; as well as assisted clients in obtaining resources that have allowed them to advance on market opportunities quickly. In other words, there are broad institutional pressures for the firms to act similarly (Brown et al., 1995). As well, strong competition among the Big Six Advisory Firms to serve "key" clients (e.g., large, growing, diversified, changing clients) pressures the GBAFs to link more and more quickly; formal processes of coordination and integration may support that goal (Brown et al., 1995).

McKee and Garner (1996) discuss specific institutional pressures for the firms to adopt certain standards and practices. They argue that as economies expand, the standards for reporting become more codified, infrastructures specific to accounting expand; the number and sophistication of the practitioners increases, partnerships expand, professional associations form at multiple levels, the body of professional knowledge expands, accounting training increases in complexity, government regulations become more specific, and the need to license professionals increases while it becomes increasingly difficult to become and stay licensed. These pressures are exemplified by the development of the IASC which was established in 1973 as a means for improving harmonization across national contexts.

However, there is much working against the implementation of formal processes. At this institutional level, despite efforts toward harmonization, there are many national differences that are well engrained. The historical evolution of these firms and the industry has led to tremendous national autonomy that is a barrier to harmonization. Also, there is reason to believe, as well as some empirical evidence (Blau, 1984; Ferner et al., 1994; Hinings, Brown, and Greenwood, 1991; Johnson and Bird, 1995), that many formal processes are resented by the professionals. In one GBAF studied, where formal appraisals were introduced, partners not used to conducting them, carried them out poorly. Professionals were unclear about objectives and expectations. There was not a single line of reporting, so control was too diffuse. Links among individuals and departments were too ad hoc and loose to be effective. Personal relationships, seemingly so important to control in the partnership organization, were no longer conducive to organizational effectiveness at the global level (Ferner et al., 1994).

Thus, there is an apparent tension associated with the extent to which formal processes are important CIPs in these firms. Pressures from global clients are making these firms increasingly pluralistic; in other words, increasing goal incongruence is accompanying increased internationalization. Interest groups are becoming more distinct (Greenwood et al., 1996a) and the "community sense" of providing local service is becoming more difficult to maintain. According to Ouchi (1980), these are significant pressures and appropriate reasons for organizations to use more formal processes of coordination and integration.

Formal processes are a greater challenge in GBAFs than in other types of firms. Although these firms may be recognizing a need to coordinate strategy cross-nationally to meet the needs of MNE clients, their organizational form, originally intended to allow small groups of professionals to effectively serve local markets, makes formal global processes difficult. As well, the fragmentation of professional "ethos," as the result of merger growth, and the diversification of business activities from core auditing to such things as tax, forensic accounting, and corporate advisory service, make formal processes difficult (Aharoni, 1993a; Brown et al., 1995; Ferner et al., 1994; Greenwood et al., 1996a). Really we have a case in which interdependencies are high and increasing, and there is tremendous ambiguity related to the interdependencies. According to Ouchi (1980) these are two characteristics which make formal processes inappropriate means for coordination and integration. Again, the point is that, although not acknowledged in the international management literature, tensions around processes are likely to play a role in the way in which coordination and integration occur.

Social Processes. Social processes have been important processes through which control has been achieved among member firms at the national level. However, the small amount of recent research on the international aspects of professional service firms (e.g., Aharoni, 1993a; Brown et al., 1995; Ferner, et al., 1994; Greenwood et al., 1996a) indicates, mostly implicitly, that social processes as a dominant means of control are challenged at the international level. At this level, the firms are even more specialized and there are more heterogeneous conditions which make social processes of coordination less feasible (e.g., social, cultural, political, institutional factors).

At the domestic level the match of individual objectives with organizations' objectives has been facilitated by the certification processes associated with the accounting profession. The match also has been facilitated by the partnership mentality in which individuals believe that they will be rewarded for adopting objectives of the firm by achieving the rank of "partner." However, with increased internationalization, certification is likely to take on a much more diverse nature. With the diversity of service offerings, there is no longer one professional body sanctifying specific ways of thinking and behaving. As well, increased internationalization is challenging the linear career path toward partnership, thereby reducing the need for potential partners to align their objectives with the firms.

Again, there is potential tension around social processes as a means of integrating offices that deserves discussion. We can expect social processes to be prominent in GBAFs; it is the basis of professional ideology. For example, the international firm is not an international organization as we traditionally understand it. There is still not the hierarchy to the same degree in these firms that there is in other MNEs. Authority does not reside at a central location nor is there a clearly defined and prompt process for making decisions as in other organizations. The international firm is not in all cases, even a physical entity as we tend to think of an organization. Instead, it is an alliance of national firms held together by committees and by sub-committees focusing on ensuring availability of specializations. Therefore, much of the alliance has been necessarily based on suasion or building of a common identity. These conditions are supported by social processes of coordination and integration.

Unfortunately social processes may be antithetical to bringing organizational units together to sufficiently serve multinational clients (Ferner et al., 1994). The diversity of specializations, the vast geographical coverage, and the increased number of units serving any one client may require the use of more systematized processes. Increasing internationalization has compounded pressures on the firms to "unify" their goals and intensify their efforts on developing common strategy and common resources while defining and communicating a common marketing strategy and global image (Brown et al., 1995). This would indicate the need for more formal processes of coordination and integration as opposed to social processes.

There has been little theoretical development and no thorough empirical analysis of the specific CIPs that have arisen from these firms' increased involvement with global clients. What may arise out of such research is a finding that the implementation of a certain process (e.g., participative decision making system) may be serving the purpose that more common central processes serve in other types of MNEs. Alternatively, it may be discovered that there are CIPs in place now that did not exist years ago. These may be more representative of traditional corporate systems, and thus likely consistent with the existing theoretical perspectives on CIPs in multinational enterprises (e.g., Bartlett and Ghoshal, 1989; Hedlund, 1994).

In summary, a number of preliminary findings pertaining to Bartlett and Ghoshal's ideas about the transnational form (1989), Hedlund's (1986, 1994) ideas on heterarchy and N-Form, as well as findings in accounting firm literature (Brown et al., 1995; Ferner et al., 1994; Greenwood et al., 1996 a, b; Hinings et al., 1991; Johnson and Bird, 1995) provide an explanation of CIPs in professional service firms. It is assumed that a conceptual framework based on these authors will provide an effective way to identify the interdependencies, the CIPs, and the relationships between them in these firms.

In accordance with the findings of Bartlett and Ghoshal (1989), it is expected that coordination and integration in GBAFs will be extensive. Complex processes are not likely to occur in isolation of one another; a combination of processes may operate simultaneously in relation to various interdependencies as indicated in the literature. However, because of the unique context and organizational characteristics of the GBAFs, it is not easy to predict the patterns of relationships between interdependencies and CIPs that may exist. In the end, they will likely be difficult to articulate as simply as those identified by Bartlett and Ghoshal in the context of the organizations they studied. Certainly it is expected (given the professional task requirement) that numerous processes will be seen in relation to knowledge interdependencies. Also it is expected that with each type of process there may be significant tensions around its development and implementation. The role of management tensions is basically unaccounted for in the international research to date, but cognizance of potential tensions in these firms is important in light of the accounting literature to date.

Bartlett and Ghoshal (1989) suggest that administrative heritage or history impacts significantly on CIPs but they do not go very far in describing how that might be so. Previous research on Advisory firms has shown that the history of each firm has impacted its potential to move toward and ultimately achieve a "transnational" state (Greenwood et al., 1996b), and that the pace and focus of change has been impacted by each firm's individual history (Greenwood et al., 1996a). The impact of history on CIPs must therefore be part of the conceptual framework to understand the organization and management of the global business advisory firms.

Similarly, it is expected that Bartlett and Ghoshal's emphasis on context will hold particular relevance in this investigation of GBAFs. The national contexts in which these firms have had complete autonomy to operate, potentially have created very diverse range of strategic focuses and skills bases which challenge efforts at coordination and integration.

Despite pressure for harmonization by such organizations as IASC national autonomy still exists. McKee and Garner (1996) argue that some firms are more facilitative of international linkages and more supportive of the domestic economy than others. In other words, different national practices make differential contributions to globalization and to national economic development and this is likely to impact CIPs. For example, such differences in emphasis impact the development of the profession and the numbers and distribution of professionals.

The integration of Hedlund's (1994) ideas that certain CIPs may better support different types of knowledge (e.g. tacit, articulated) or specific types of knowledge interdependencies (e.g., knowledge storage, or transfer, or transformation) at different levels (e.g. interpersonal, intra-organization, inter-organization), is expected to provide additional insight into CIPs.

Aharoni (1995) has begun discussion on the importance and the difficulty in knowledge sharing in these firms. Similarly to Hedlund, he suggests that success of knowledge based organizations has to do with their ability to make optimum use of all the knowledge accumulated in the organization. He argues that the incentive systems in the knowledge firms tend to create barriers to the knowledge sharing required for the firms to gain a competitive advantage. For example, he argues that knowledge creation and enhancement necessary for competitive advantage comes from individuals contributing knowledge, informing one another of its availability, and also by individuals seeking out the information available, however, the incentive system does not support those activities. A particular barrier to sharing knowledge is the profit center whereby the profit centers reward billable hours. This time-based charging system means the largest incentives are locally based so an individual is no better off for sharing knowledge for the advantage of the broader (worldwide) organization. In fact, Aharoni (1995) argues that in most cases there is very little relationship between compensation to the individual and the advantages created to the firm as a whole by the willingness of individuals to receive and transfer knowledge. He further argues that the answer to this problem lies in establishing more appropriate means to create connections among individuals.

Knowledge sharing is enhanced through team work but an incentive system based on individual billable hours discourages team work and thus knowledge sharing. However, Aharoni (1995) argues too that social norms and organizational culture may be motivators that enhance knowledge sharing perhaps more than financial incentives. He suggests it is alternate social systems that may increase the probability of the seamless transfer of knowledge in these firms. Also, similarly to issues raised by Hedlund, Aharoni argues that certain forms of knowledge have likely implications for coordination and integration. He suggests some knowledge transfer may be enhanced by computer systems but, as there is a lot of knowledge that is not amenable to codification and routinization, he so raises the question of how the firms deal with the creation and sharing of such knowledge.

Aharoni further argues that formal processes will not enhance knowledge sharing. Instead, better aligned incentives and increased development of professionalism will enhance sharing. His primary argument is that knowledge in these firms can not be maintained in procedures; it must be tapped through communication and informal networks. Following Bartlett and Ghoshal's emphasis on the importance of building a global mentality, Aharoni theorizes that partners' feelings of belonging to a network of professionals may be a critical support of knowledge interdependencies. Thus, activities that elicit loyalty, trust, propensity toward team work and sharing, and common training are likely the critical CIPs.

In fact, variation from Bartlett and Ghoshal's ideas is expected in the context of these firms due to the fact that they deal in professional and experiential knowledge. It is expected that the importance of knowledge sharing, transfer, and transformation will be important and more challenging, and thus an array of CIPs may arise that is important for these particular knowledge circumstances. The investigation is likely to raise coordination and integration issues that have gone unaddressed by the theory to date.

Furthermore, because these firms' reasons for and modes of expansion have been different (i.e., predominantly driven by clients) and because the knowledge task requires the firms to have a different relationship with clients to the relationship many multinationals have with their customers, it is expected that additional issues will be raised for coordination and integration. The fact that the task is not defined within the firm but resides to a large extent with the client is bound to have associated coordination and integration challenges. It may be within this last difference that the greatest amount is to be learned about CIPs. The concepts guiding this research are summarized in Table 2.2.

Table 2.2: Concepts Guiding This Study

I. INTERDEPENDENCIES	Goal is to discover the exchanges that are going on among offices in order to serve the clients. Service, resource, and knowledge exchange are the indicators of interdependence.
Service Interdependencies	Inquiry into the ways global audits are performed (i.e., how do work processes culminate in a consolidated report). Inquiry into various types of management consulting projects (i.e., identify the kinds of work that are done, where various aspects of an assignment are done, and the ways the various aspects of a consulting project are brought together). Inquiry into the international tax opinions provided for global clients . Inquiry into the occurrence and means by which different types are services (e.g., audit, management consulting, tax) are simultaneously provided.
Financial Resource Interdependencies	Inquiry into the way the firms exchange financial resources in relation to serving global clients (i.e., gaining an understanding of the referral work). Inquiry must include questions about international revenue

	collection and cost allocation, and international investment issues.
Human Resource Interdependencies	Inquiry into the dependence of firms on each other and the exchange of people among firms in order to serve international clients.
Technological Resource Interdependencies	Inquiry into the development and use of different worldwide methodologies for serving global clients.
Knowledge Interdependencies	Inquiry into the types of information and experiences exchanged and the ways in which the exchanges of information and experiences occur in order to serve global clients.
COORDINATION & INTEGRATION PROCESSES	Objective is to discover the ways in which the exchanges among offices are supported.
Central Processes: Activities of individuals or groups who have been delegated responsibility and have authority to make decisions that bring units together.	Authority of client service partners over the scope of the services to other offices. Determination of internal fees. Management of discrepancies. Key decisions to be made in serving this client. Decision making responsibility. What is the role of the international firm? Role of the international firm in securing global commitment for providing global client service. Consequences for non-involvement with a client or inappropriate involvement? If
Formal Processes: Systems, policies, procedures and standards that bring increased unity.	Provision of detail on service provided to the other offices. Membership of international committees, the tenure process on committees, the responsibility and accountability of the committees, relationship with the international executive committee and board (e.g., autonomy and reporting requirements), the nature of administrative structure for committees, the nature of budgetary process and information transmission.
Social Processes: Actions and activities through which people in the organization come to hold common values that support certain actions over other actions.	Amount and nature of interaction you as a client service partners have with partners in other offices or with the clients in other countries. Ways of ensuring quality of service to the client. Extent to which quality is enhanced through

	standards at various levels, through reporting, through technology, through meetings, through other client training and development, incentives, secondments, transfers, through monitoring client perceptions.

TENSIONS	Existence of conflicts with the client in providing service and of conflicts internally regarding the service to this client. Resolution of conflict.
CONTEXT	
Strategic Environment national economic, institutional, and legal frameworks Resource Availability Number of partner numbers and dispersion	Barriers to providing service to clients. Ability to provide service to global clients. Opportunities for serving global clients. Problems in competing for global clients.
HISTORY	
Historical growth strategy Origin of the international firm	Processes for obtaining clients. If by proposal, maintaining them. Changes in the way clients are served over time, and the basis of the changes.
PATTERNS	Extent to which context defines interdependencies of most importance and, as such, the appropriate array of CIPs. Service Interdependencies > formal processes Resources Interdependencies > central processes Knowledge Interdependencies > social processes

IV. Research Tasks Based On The Conceptual Framework

Drawing on the aforementioned theoretical contributions, there are a number of tasks of this research. The first task is to identify the interdependencies between the various offices necessary to serve different MNE clients. Interdependencies in terms of offices' relations to one another internally as well as offices' relations with their external environment needed to be identified. The objectives are to:

1) understand the nature of the international firm and its roles and responsibilities in ensuring client service;
2) identify the ways in which human, financial, and technological resources are brought together to meet the service demands of specific global clients;
3) describe the specific CIPs used in the three firms in different client scenarios;
4) identify the historical and contextual factors which impact CIPs;
5) recognize the extent to which certain CIPs support particular service, resource, or knowledge interdependencies.

In GBAFs, it could be inferred that the offices brought together would differ in terms of responsibilities, values (especially as more diverse services are brought together), commitment to serving MNE clients, and time frames for committing to international goals. This situation is apt to create tensions; hence, it is possible that CIPs not only support increased interdependencies but also create interdependencies to alleviate some of the tensions, and perhaps accomplish other important tasks relevant to global effectiveness as well. Therefore, another task of the research is to identify the endogenous types of interdependencies that have been created by particular CIPs.

Bartlett and Ghoshal (1989) assume that it is an appropriate "portfolio" of CIPs that ensures the balance of strategic imperatives necessary for global effectiveness. Stimulated by this idea, but extending it somewhat, the final task of this research is to identify whether or not "configurations" of processes exist and to discern similarities and differences among GBAFs in terms of the "configurations" of interdependencies and

CIPs that allow these firms to meet client demands. The concept of configuration is that there must be a few consistent constellations of CIPs and interdependencies that allow the firms to succeed in serving MNE clients.

CHAPTER THREE
METHODOLOGY

The purpose of this dissertation is to describe coordination and integration processes (CIPs) in three Global Business Advisory Firms (GBAFs) and the factors affecting those processes. It was established in the first two chapters that, given the changing market context of GBAFs, interdependencies among offices have increased and new or different means of coordination and integration have been required. The ways in which coordination and integration in these firms is likely to be different from other new global firms as described in the literature was also established. Drawing on Bartlett and Ghoshal's (1989) work, it was argued that the interdependencies likely concern services, resources, and knowledge. The three types of interdependencies may be specifically supported by central, formal, or social processes; formal processes are likely to support service interdependencies, central processes will support resource exchanges, and social processes will support information interdependencies. The relationship between interdependencies and CIPs may be defined by the roles and responsibilities of the different offices. Overall the idea presented is that if the "right" array of processes cohere together, the global firm can attain the appropriate level of local responsiveness, global efficiency, and innovative capability. The array will be impacted by contextual and historical factors.

In the previous chapters it has been argued that while the strategic need for coordination and integration has increased in GBAFs, as in other MNEs, the governance structure, professional knowledge task, and the institutional environment of GBAFs make coordination and integration more difficult. Drawing on the accounting literature to date - although much of it domestic based - it is argued that there are likely to be tensions around processes that ultimately impact the way in which overall coordination and integration occurs.

I. Research Design

Initially, there was no way to anticipate whether the theoretical literature would be sufficient to explain coordination and integration processes in GBAFs. There was no way of predicting or inferring whether the theoretical relationships would hold, under what conditions they would hold, or how the concepts would cohere in relation to the unique context and characteristics of GBAFs. Therefore, no propositions or hypotheses pertaining to these concepts were possible, apriori. Instead, a qualitative multiple case study approach was chosen for this research.

In line with the theoretical assumptions of qualitative work, the information was gathered by conducting in-depth interviews with informants in their work setting; in other words, the interviews took place in a number of the advisory firms' key offices. The interviewees provided their experiences with and perspectives on global client service which allowed me to see the scope of coordination and integration. In the spirit of qualitative work, I tried to handle the information holistically; an effort was made not to minimize the tensions, contradictions, inconsistencies, and complexities of CIPs that were described. Throughout the analysis, the data were searched for evidence of both anticipated (those conceptually defined), and unanticipated categories emerging from the information provided by the interviewees. There was an ongoing iterative process between the use of inductive and deductive logic in terms of data collection, descriptions of cases, and analysis. The language used in collecting the data, including the language referring to specific theoretical issues, was kept informal and was targeted towards interviewees' personal experiences of serving global clients.

II. Data Sources

Global Business Advisory Firms were chosen for investigation in this study because the global coordination and integration challenge is so very salient. As mentioned previously, these firms' reasons for expansion are different than the reasons of organizations more often studied. In GBAFs the primary reason for expansion is to better serve global clients. In fact, these firms' sources of competitive advantage are increasingly tied to their ability to effectively coordinate and integrate themselves to serve global clients. Making these firms particularly interesting, and potentially insightful, is the tension that exists within them in terms of CIPs (Greenwood, Hinings, Cooper and Brown, 1996b). Coordination and integration are more key to competitive advantage in advisory firms than in other organizations because of the demands and interactive roles played by clients, while barriers to coordination and integration (e.g., governance structure, professional knowledge and ideology, context, and history) are greater. Herein lies the potential to extend existing theories of CIPs. It is clear that numerous assumptions underlying international coordination and integration are not applicable to GBAFs: Assumptions about ownership and control (that these are easily identifiable and central); assumptions about the nature and transfer of knowledge; and, assumptions about the tangibility and repetitiveness of tasks. Thus, there is considerable potential for theoretical gains through investigating these firms. Choosing GBAFs specifically means I can draw on the experiences of a large number of recognizable competing organizations, the Big Six Advisory Firms, that are all facing similar pressures for integration from global clients, and similar constraints in responding to those pressures.

For a decade there has been an ongoing program of research into the management of professional service firms at the University of Alberta for a decade. This research provided a basis from which to understand these firms and, at the same time, provided an opportunity for extension by focusing on their global organizational processes. The timing particularly was good for studying these firms because very recently each of them has taken major steps to develop international client service approaches.

II.1 Three Of The Big Six Advisory Firms

Three of the top four Big Six Advisory Firms, in terms of worldwide revenues, were chosen for this study. One of the four largest was excluded on the grounds that initial access to that firm had just been granted to other researchers for the purposes of a differently focused project; there were issues around the rate that research could progress within the firm on a number of different fronts simultaneously.

There was a large amount of archival interview data and documents on two of three firms selected, which provided considerable information on the history and context of the firms selected: A worldwide audit plan for a major global client; a subsequent interview with a global corporate client; a European Strategy Manual; an International Strategy Manual; observations in the field site recorded by previous researchers; written notes by researchers taken from confidential documents; and many other secondary sources such as articles written by partners, and news media articles. All afforded a starting point for an investigation of this scope. The third firm was added because it allowed one of the Big Six that had received much previous attention to be brought into the program of research. To respect anonymity the firms are referred to as Northern

Corp., Southern Corp., and Eastern Corp.

Although generalizability in this study is more at the level of theory, sample generalizability is enhanced by studying three cases and observing whether the findings make sense beyond a single case; robustness of the concepts and the linkages are likewise enhanced. The three cases offered the opportunity for comparisons to be made of CIPs such that I could gain an understanding of how processes are modified by situational circumstances (e.g., country, firm, people) (Miles and Huberman, 1984). However, no pretense is made here that the data collected for each of the three firm cases are directly comparable with one another nor similarly structured. In fact the goal of the research is not to develop and compare complete case studies but to gain as much information as possible on different CIPs in each of these firms. In the spirit of qualitative work, focus remains on attaining the informants' experiences of serving global clients and on identifying the similar and contradictory patterns across cases while providing general interpretations about CIPs, as well as identifying the factors which impact those processes.

II.2 Three Countries

To gather insights about how clients were served, managers and partners involved in global client management in the countries of Canada, Malaysia, and Singapore were interviewed. Canadian firms were chosen for reasons of proximity. However, in each of the three Big Six Advisory Firms, the Canadian firm was either a founding member firm, or a significant national firm in relation to the international firm.

Two countries in Southeast Asia were selected for a number of reasons. The rate of economic growth in Southeast Asia has been 9-12% over recent years. This growth has created a substantial need for professional services and caused the advisory firms to expand, coordinate, and integrate their offices in that region (McKee and Garner, 1996). By focusing on Southeast Asia, I was able to access two countries geographically close to one another but, more importantly, to contrast the client service in the developed country of Singapore with that in the developing or emerging country of Malaysia (McKee and Garner, 1996). In this way, I attained a sense of the diversity among offices in terms of the nature of clients served and the processes used to serve them, as well as the impact of different institutional and legal frameworks in each of the national environments. By choosing two countries that are part of the ASEAN grouping, I could better understand regional interdependencies and coordination and integration issues. Also, given the recent expansion of "home grown" multinationals in Asia, partners there are just beginning to take lead roles in client service, in the past simply having been targets for referrals.

III. Data Collection

III.1 Interviews As The Primary Source of Data

III.1.1 Selection Of Interviewees

Initially, a Canadian office managing partner for each of the three firms was contacted by letter and informed of the purpose of the study. They were subsequently contacted by telephone to be given an opportunity to ask any questions they had regarding the study, and to enable me to further encourage them to agree to an initial interview. In each case permission to conduct interviews was obtained.

An initial interview was organized with each firm's Alberta Office Managing Partner to gain a general understanding of global client service. This interview helped gain the partners' support for the study and their assistance in deriving contacts in other major Canadian offices, as well as contacts in the Malaysia and Singapore offices. Interviews were conducted in each of the three firms in four cities in Canada (i.e., Vancouver, Calgary, Edmonton, and Toronto) and then in each of the three firms in Malaysia and Singapore.

Based on information gathered in the initial interviews with Office Managing Partners, it was clear that I would need to draw my sample from a fairly small but select group of partners that had significant experience serving global clients, and that I needed to speak to partners from different functional areas (e.g., audit and accounting, management consulting, tax) in order to fully understand coordination and integration of service to global clients. It was also imperative that I gain information on how different clients (e.g., clients from different industries, clients with different service requirements) were served. Clearly, gathering information on numerous client scenarios rather than more in-depth information on a very few client scenarios was going to result in a better understanding of the ways in which coordination and integration occur.

A snowball sampling technique was used. At the end of every interview, the interviewee was asked whether there were other individuals who with the necessary experience in serving global clients would be good candidates for an interview. Similarly, at the end of each interview I made a decision as to whether there were additional people who should be interviewed in light of the new information obtained. This technique, called "theoretical sampling" (Strauss and Corbin, 1990), is important for qualitative research focused on the development of existing concepts. The decision to stop interviewing is made when the researcher concludes that the themes in the interviews are simply recurring.

In total 54 interviews were conducted between November 1995 and June 1996. Twelve interviewees were members of Malaysian firms and 11 resided in firms in Singapore; it was a deliberate intention to interview a similar number of people from Malaysia (an emerging economy) and Singapore (a developed economy within the Asia region). Thirty-one of the interviewees worked in Canadian offices. Twenty-five, 17, and 12 interviews were conducted respectively in Southern, Eastern and Northern Corps. The largest number of interviews was conducted in Southern Corp. because the smallest amount of archival data existed on that firm.

The length of interviews varied but most ranged from one to one and one half hours. Fifty-two of the 54 interviews were taped and fully transcribed. The interviewees were a mix of auditors, tax advisors, and management consultants. Thirty-two of the interviewees practiced within the area of audit, 12 practiced in management consulting, five practiced in tax and five practiced in a variety of specialist areas (e.g., insolvency). Most were senior level partners who have direct global client service responsibilities or knowledge of international client initiatives. Only one of the 54 interviewees was female. The characteristics of the sample are depicted in Table 3.1.

Table 3.1 Sample Characteristics[1]

FIRM	Edmonton				Calgary				Vancouver				Toronto				Kuala Lumpur				Singapore				
	Audit	MC	Tax	Other	Audit	MC	Tax	Other	Audit	MC	Tax	Other	Audit	MC	Tax	Other	Audit	MC	Tax	Other	Audit	MC	Tax	Other	Total
Northern Corp.	1				1				2	1				1			2	1				2	1		12
Southern Corp.	2				2				3	1			3	1	2	1	2	1		2	2	1	1	1	25
Eastern Corp.	1				3				3				3				1	2	1		1	1		1	17
Total	4				6				8	2			6	2	2	1	5	4	1	2	3	4	2	2	54

III.1.2 The Interview Protocol

The protocol was devised to gain as much information as possible from each interviewee about the way s/he was providing service to global clients and experiencing serving global clients. The reasons for focusing on global client service were threefold. First, Birkenshaw and Morrison (1995) argue that international research on coordination and integration needs to focus below the subsidiary level, perhaps to the level of a single value-adding function, in order to see patterns between CIPs and various interdependencies. Focusing at the level of specific global client service moves in this direction. Second, a focus on the interface between the firms and their clients is particularly appropriate as it is essentially the activities of the MNEs that create the coordination and integration challenges for the firms. Third, the focus on client service directs our attention to the important interactions that occur between MNEs; MNEs are most often studied singularly with the relationships between them essentially ignored (Ghoshal and Westney, 1993).

The initial interview protocol focused on gaining insight into how partners served specific global clients. The focus was on the partner's direct behavior and each interviewee was asked to reflect on his/her experiences in serving global clients. In other words, my inductive and interpretive approach to understanding global client service was theoretically supported by Bartlett and Ghoshal (1993) who state:

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[1] All but five of the interviewees were at the partner level.

> Our conceptualization of this emerging organization is grounded in a managerial perspective that is very different from the disciplinary foundations of existing economic and behavioral theories of the firm. We conclude by arguing for the need to create a managerial theory of the firm that could be more attuned to the premises of the key actors within the firms as to be able to illuminate the corporate world as seen by managers and encompass the issues that they perceive to be important (p. 23).

The protocol was devised based on the conceptual framework described in Chapter Two. A number of questions were developed to elicit information on: Interdependencies, CIPs, tensions around CIPS, and aspects of firm history or context that impact client service.

The interviews were semi-structured in nature in that the aim was not to capture, with complete precision, information that fit into pre-defined categories but rather to capture an overall impression of the complexity of global client service. Interviews were structured only to the extent that I had a number of topics that I wanted to address but I used very few closed-ended questions; they were unstructured to the extent that I answered the few questions asked of me by the interviewees (Fontana and Frey, 1994).

To begin each interview, the interviewee was assured of the confidentiality of the research and his/her responses. S/he was provided with a very brief description of the background of the study and then permission to tape the interview was requested. Then the interviewee was asked to choose at least two client examples to discuss. In one example the interviewee was asked to describe a client situation in which the client was headquartered at the location of the interviewee's office and consequently s/he was heading up the work as the lead partner. In another example the interviewee was asked to describe a situation in which s/he was doing work for one of the client's subsidiaries, and was taking instruction from a partner at the head office location, thereby acting as a secondary partner. As each client example was discussed, the interviewee was first asked to provide the characteristics of the client, for example, the industry in which the client operated; the size of the client in terms of revenues; the client's business activities; the locations in which the client operated; the extent to which the client was centralized or decentralized in terms of financial and operational decisions; the relative significance of the client to the firm; and any relevant historical or contextual factors around the client (e.g., how the client was obtained; how long the firm had served the client; how long the particular partner had served the client).

To understand service interdependencies, the interviewee was asked which offices were involved in providing the services. S/he was asked to describe all of the services being offered to the client and the means by which the various providers got together or communicated. The interviewee was also asked about the extent to which an individual or individuals had authority over the scope of services and about the key decisions which s/he felt had been made in serving the particular global client.

Each interviewee was asked questions relating to service strategy. For example, s/he was asked to describe the number and nature of numerous interactions between the primary office and the client headquarter, the primary partner and the clients in the various subsidiaries; and the primary partner and local partners in the various subsidiaries. The interviewee was questioned about the similarities and differences between these different types of interaction. Related to this, the interviewee was asked whether the clients tried to manage the fees from the top or instead relied on their local managers to negotiate fees.

Information about "quality assurance" was elicited, the assumption being that CIPs are associated with increased quality. The interviewees were asked, for example, whether there were standards for service and, if so, at what level. Also they were asked about reporting requirements (e.g., amount, timing, structure). Information was sought on the nature and frequency of meetings connected with serving the client; what was the nature and frequency of internal communication with others in the firm and external communication with the client? Details of barriers to and facilitators of that communication were drawn out.

To gain an understanding of the human resource interdependencies and related CIPs, interviewees were asked to describe how the service team was constructed for each client. They were asked about client management training and development as it related to servicing global clients generally or to specific clients. Information about resource planning challenges and outcomes related to each client was collected. Questions were asked regarding office exchanges (e.g., lead partner visits, engagement partner visits, secondments, transfers, international committee assignments). There were also questions pertaining to the processes by which service providers in the locations were evaluated and changed if necessary.

Each interviewee was asked about the existence of and his/her use of technology to exchange information or to communicate with people in other offices. In looking at knowledge interdependencies, the interviewee was asked if the required knowledge to serve the client was readily available. If not, where and how did s/he get the knowledge?

To identify potential tensions and conflicts related to CIPs, each interviewee was asked outright whether there were conflicts in servicing this client and, if so, to describe the conflicts. They were asked if the conflicts had been resolved and, if so, how they had been resolved. To further probe the themes of tensions and conflicts a response to two more general questions was elicited from each interviewee if time permitted: Each was encouraged to discuss where s/he believed lay the firm's competitive advantage in serving multinational clients and to identify the problems the firm had in serving them.

To gain more information on each client, I asked about changes made in serving the client over time: Changes in personnel; in scope of services; or in processes. In this way, historical and contextual factors (related to either the firm or the client) were exposed that could impact coordination and integration. Still specific to the individual client case, the interviewee was asked how s/he defined success in terms of doing a good job with that particular client. At the end of each client scenario discussion, the interviewee was encouraged to add anything s/he felt had been missed regarding service to the client that could be important to understanding coordination and integration.

The interviewee was then presented with two general questions directly related to client service; both were intended to elicit a list of all the potential factors influencing coordination and integration: 1) What did s/he think were the factors that affected the way in which coordination and integration of offices occurs?; and 2) what factors did s/he think underlay the differences in the way that various clients were managed?

Separately to the formal questions of the interview, the interviewee was asked to recommend contacts or to supply documents that might provide further information about the way coordination and integration occur for global clients.

Further underlining the unstructured, rather than structured, nature of the interview is the fact that the protocol used was varied depending on the person interviewed. Factors influencing the kinds of questions asked in any particular interview were the interviewee's functional expertise and managerial experience, client service experience (e.g., general, industry specific, regionally specific), tenure in the firm, and involvement on international committees. For example, if an interviewee had been utilized in client service for his/her specific expertise rather than having direct client experience in terms of lead partner or secondary partner, s/he asked specific questions about how s/he was accessed and compensated for serving. Similarly, interviewees who in addition to direct client management responsibility had experience serving the international firm on committees were asked to describe the membership of the international committee and the tenure of members of that committee; each was asked to provide details about the responsibilities and objectives of the committee and to describe his/her own responsibilities as a member of that committee. Further, there were questions about frequency and location of meetings, the committee's relationship to the executive committee and board (e.g., autonomy, reporting requirements), the committee's relationship to other international/regional committees or task forces, and the administrative structure that supported the committee. Also, if relevant, a respondent was asked the nature of the budgetary process specific to the international committee.

Consistent with a more unstructured interview, insight gained over time led to the protocol evolving for specific groups of interviewees. For example, it became clear that internal fee issues are much less of a client concern in tax than in audit; as clients' sensitivity regarding fees significantly impacted how the offices came together in the area of audit, interviewees in audit continued to be questioned on the effects of this issue while the focus on internal fees was reduced with interviewees in other areas. Likewise, relationships with other professional service providers was much more salient for management consulting and for audit partners than for tax partners.

In summary, the interview protocol attained comparable information on the various ways in which services are provided to global clients, allowing for the individual's international expertise and experience. Appendix A contains the interview protocol while Appendix C provides examples of interview questions used to attain information relevant to the conceptual categories. The process provided a comprehensive overview of global interdependencies and CIPs.

At the conclusion of each interview I recorded three kinds of information from the interview into a field protocol: General observations at the interview site (e.g., building and office characteristics, number of people and dispersion), descriptive notes regarding my experience of the interview (e.g., feelings about the importance of or circumstances around various issues), and reflective thoughts in terms of how the information from the interviews connected (Glaser and Strauss, 1967; Strauss and Corbin, 1990). This field protocol was fundamental to my evolving understanding and to supporting an ongoing interplay between data collection, analysis, and reflections on the guiding framework.

III.2 Archival Interviews

This dissertation research builds on an ongoing program of research at the University of Alberta, thus information from 76 archival interviews added insight to the analysis, especially on the international firms. Conducted by senior faculty between 1991 and 1996, the interviews were with partners and senior managers in the Big Six Advisory

Firms, each of whom held an important role in a national practices (i.e., Britain, US, Australia, Hong Kong, China, Norway, Holland, Germany, Russia), had international responsibilities, or had specifically handled MNE client accounts over recent years. Mostly drawn on were the 40 fully transcribed interviews.

The archival interviews were used in two ways. Prior to conducting the primary interviews, the transcripts and field notes of the archival interviews were reviewed to gain an initial general understanding (e.g., international firm structure, strategy) of how the three advisory firms coordinate and integrate multiple organizational units in order to serve international clients. Subsequent to the primary interviews being conducted and the data analyzed, the archival interviews were read again and more thoroughly analyzed to substantiate the findings of the primary interviews or to raise questions about the findings. The archival interviews were particularly helpful in providing contextual and historical information about the firms which was important since these historical and contextual factors may either increase or decrease the organization's potential to improve its global functioning (Bartlett and Ghoshal, 1989; Greenwood et al., 1996b).

III.3 Documents

Documents gathered while conducting the interviews and referring to international client service, international committees or task forces, and international strategies provided additional information. For example, one firm provided me with the opportunity to review the internal client service manual which clearly outlined the firm's approach to global client service. One firm provided back issues of its internal international news magazine which together with internal regional and international bulletins and newsletters, provided additional insights into the ways in which coordination and integration were occurring. Archival documents were also drawn on for information (e.g., a proposal for a major global client, a firm's "European Strategy" document).

III.4 Strengths And Weaknesses In The Data Sources And The Data Collection Processes

There are three potential weaknesses in the collected data. First, there can be no pretense made that I talked to either the most knowledgeable people or those most experienced in serving global clients; the sample evolved through the recommendations of previous partners interviewed. Having said this, given the limited number of people with the level of experience I was requesting - especially in Asia - I feel confident that I spoke to some of the individuals most knowledgeable on global client service. Second, likewise no pretense can be made that I met the saturation point for data collection (Strauss and Corbin, 1990) given the immensity and complexity of global client service and given there were financial and practical limitations (e.g., researcher's and participants' time and financial resources). Third, the focus was primarily on client service so more general information about the international firm and international committees was available only when interviewees selected had experiences on national/international committees or task forces in addition to direct client service experience. In an effort to overcome this third limitation particularly, I drew on the archival interviews and a number of the firms' documents on international strategy.

The choices about both data sources and data collection methods were evolutionary. At the outset of this study, before any interviewing had taken place, my idea was to interview only audit partners and to focus on the coordination and integration requirements particular to the audit task. It became evident after the first few interviews that coordination and integration challenges were most salient in the area of management consulting or in situations where clients had multiple service demands requiring high level expertise across disciplines. It became quickly apparent that task differences (i.e., in audit, tax, and consulting), the historical developments of these disciplines, and historical relations between these groups were significant issues important for coordination and integration.

Initially, I intended to focus on only one to three client examples in each of the three firms, believing that a comprehensive understanding of a small number of clients would provide insight into CIPs that would be generalizable to the broader global client base. Again, it became clear from the first few interviews that more examples which showed differences across clients' industries, business operations, structures, and processes were pivotal to an understanding of the complexity of CIPs. By the end of the interview process I had collected 80 detailed descriptions of the ways in which global clients were served.

My initial intention was to interview partners from each firm in three Canadian offices and in offices in only one other country: Malaysia. It became obvious that to gain information specific to serving the very large global players, I needed to go to the key offices in Canada and in Southeast Asia. Thus, I made the decision to add a fourth Canadian office and to extend the study to include a second Southeast Asian country: Singapore. The inclusion of Singapore allowed me to look at a number of factors potentially affecting CIPs (e.g., regional integration issues, differential issues for developed versus developing country offices) that would otherwise have been ignored.

Despite these limitations, the sample that evolved provides valuable information.

I found that I was targeting a more select group of partners than I had realized at first; there is not a large number of partners that have extensive global experience. However, I was able to exercise enough flexibility in the data collection process to interview partners from both North America and Southeast Asia who had extensive global client experience. Interviewing partners with the most experience meant they could speak from their personal experience of being a global partner, a regional partner, and a secondary partner. The fact that I spoke to individuals directly involved with global client accounts strengthened the data. The considerable variety in the client examples provided by interviewees further strengthened the data.

Interestingly, sometimes the same client was discussed by two different firms. Often clients utilize more than one Big Six firm for the same service (e.g., each firm does a portion of the audit) or they use a different firm for each different service (e.g., tax provided by one firm, audit provided by another). This information provided insight into the CIPs between MNEs. In addition, sometimes the same client was discussed by two partners serving in different countries, thus allowing me to see how different roles were played out. There was one extraordinary case in which the interviewee once worked on a key global client account headquartered in New Zealand and was - at the time of the interview - working for the same client in the Canadian firm. This situation provided additional breadth to the data.

IV. Data Analysis

It is important to keep in mind that the purpose of this study was to discover the CIPs used to serve global clients and to identify any factors influencing those processes (e.g., governance structure, task structure, context, history). Consequently, the analytical process involved a number of iterative research steps.

In an effort to communicate here the analytical processes and findings, a much more tangible and clear step by step process is depicted than was achieved in reality, or than in fact would be desirable. Both data collection (as discussed above) and analysis were, from the beginning of the research, iterative processes. The explanation of the stages of the stages of analysis reflect my movement back and forth between the stages as well as the provision of direction and focus for the interviews by particular stages.

IV.1 Iterative Processes Of The Primary Interview Analysis

The first step of the analysis was to transcribe the interviews, read through the transcripts a number of times, and identify key quotations that illustrated the CIPs used in serving global clients. During the transcription process and the subsequent reading of transcripts, a summary list of pertinent themes was devised. A memo on every interview was started which highlighted the key issues raised in each interview. I added information to every interviewee's memo as I gained insights through the analysis. Transcribing was not left to the end of data collection but rather was concurrent. Insights gained through transcription and readings of the early transcripts guided the data collection of subsequent interviews. For example, early interviews and the transcription process led me, in later interviews, to ask more direct questions about the firms' linkages with other service firms and with competitor firms.

The second step, following transcription of any interview, was to split the data into coded categories: Conceptually defined categories and others that emerged from the data (Glaser and Strauss, 1967; Strauss and Corbin, 1990). The building of categories was an ongoing process which began when the first interviews were done, transcribed, and coded, and continued until the project's end; some categories were developed much later in the research process than others. It was not until after the first interviews in Malaysia were completed that I constructed a category for comments about the differential benefits for different firms that are served by the lead partner concept. One important coding strategy was to make a category for every client scenario discussed; all comments specific to a client were contained in its category. Each of the scenarios was further broken down into categories (i.e., fee structure, reporting structure, operational structure) so that similarities and differences in managing global service across clients and across firms could then be assessed. Appendix B shows the categories and sub-categories and their definitions at the completion of the research; quotations representative of each category and sub-category are also provided. The third step of the ongoing analysis was to group the coded categories into themes that described what was going on in the data. For example, a theme was apparent indicating the equivocation around central processes. On the one hand, partners recognize the need for more central systems to bring about the level of integration clients want but on the other, they are resistant to processes seen to be impinging on their independence and autonomy.

The fourth step was to assess whether the categories and/or themes aligned with specific sources of the data. Were the themes referring to CIPs specific to one firm, one country, or one region? Were the themes specific to one type of client (e.g., industry specific client, diversified client)? Were the themes specific to one particular type of interviewee (e.g., auditor or management consultant)? For example, early interviews indicated that, dependent on the skills provided to the client, different processes might be more appropriate and more acceptable to some partners than to others; partners might view and approach clients differently. More specifically, I learned that central processes of control were resisted less by management consultants than by auditors. This led to further scrutiny of the data to uncover the varied perspectives of people in different disciplines on the management of global clients. Recognizable categories or themes were aligned with the different discipline types and provided insights that were utilized in subsequent interviews.

Much of the discovery of the CIPs and the factors affecting them came from seeking, highlighting, and analyzing contrasts in the data. For example, Malaysian partners were not always as amenable to taking on global clients or as desirous for more work as Canadian partners. This knowledge provided guidance for subsequent interviews in Singapore in which I inquired more persistently about the partners' desire to be serving the clients they were and sought insight into the extent to which they desired to be involved with global clients. Was this a Malaysian phenomenon, a Singapore phenomenon, an Asian phenomenon, and what were the factors that accounted for the phenomenon?

Then, as part of the iterative analytic process, the concepts and themes in the data were compared with the existing theoretical concepts and themes in my conceptual framework. For example, I asked myself: to what extent were central and formal processes increasing in these firms? To what extent were there tensions around central and formal processes? Did the data suggest that social processes were a less important way of bringing units together? I examined patterns between interdependencies and processes. Finally, the implications were considered of the similarities and differences between the concepts, the findings, and the themes I had anticipated in developing the conceptual framework.

Data reduction is often the most difficult task of qualitative work. My data was continually reduced by writing summary notes into each interview memo and gaining focus for further analysis. These notes reflected my ideas about each interview in light of the ongoing analysis of other interviews. The data was further reduced by coding according to the original and emerging conceptual categories, and by re-defining and/or writing memos specific to each category. The decisions of which data segments to isolate and which patterns best represented CIPs were all analytic choices (Miles and Huberman, 1994). With each analytic choice, I pondered the potential consequences of excluding certain aspects over others and contemplated the pros and cons of pursuing certain avenues over others. For example, I pursued the implications for coordination and integration arising from knowledge and external interdependencies to which partners repeatedly referred but which theory doesn't acknowledge well. I pursued clarification about the impact of various client characteristics on CIPs: clients repeatedly mentioned that clients' structures and processes are important factors affecting coordination and integration despite no mention of this occurs in existing theory. Alternatively, I did not try to clearly distinguish central, formal, or social processes from each other, as existing theory would suggest. Conversations about the evolution and dissolution of these processes shed light on the extent to which these firms are continually changing and thus the need to understand the affects of such rapid change for coordination and integration.

IV.2 Nud*ist As An Analytical Tool

The analysis process was unavoidably labor and time intensive. However, a computer software program, Nud*ist (Richards and Richards, 1992), facilitated the processes of searching, indexing, and theorizing about the data. The Nud*ist program allowed me to manage large volumes of text, manage ideas in the data, link the ideas to create theories, test any theories pertaining to data, and generate reports about the data.

Nud*ist creates two databases. One is a document database which stores all the records of textual data that is on-line as well as storing references to data that is off-line. The ability to store off-line references was particularly helpful for this study because theoretical notes, MNE reports, and archival data could all be easily accessed and drawn together with the interview data. The document database allowed me to:

1) store, edit, and retrieve the text of all documents;
2) record factual information relevant to each document;
3) write and edit memos to keep track of ideas about the documents and;
4) search each document for words and phrases in the text, and index them.

The other database creates an index which allowed me to create categories relevant to the data and then record, store, and explore these categories. It allowed me to index all the documents relevant to particular categories. I was also able to build an index system of categories and sub-categories which are pictorially represented in "tree-like" diagrams. For example, all segments of text coded as indicating "knowledge interdependencies" could be retrieved and printed. More specifically, statements concerning the task or statements about the management of the task were obtained and separated. There are many advantages to the index trees: They cluster categories into sets thereby making them easier to recall and access; they can provide a categorical structure to impose on the data; and thus, they increased my ability to identify and express the relationships among ideas.

Re-organizing, reclassifying, deleting, and combining sets of categories can be done fairly easily with Nud*ist; each of the adjustments allows for more clarification of the relationships between concepts. The trees can compile and represent facts from the data. The tree representation of categories and sub-categories moves from the general to the specific with no limitations in terms of depth. These features were particularly congruent with the objective of this research which was to discover concepts helpful in understanding the processes that support the necessary interdependencies between offices which allow the GBAFs to manage their international clients.

I was able to modify the index search to find links among categories and to write and edit memos about the index system or categories contained within it. Nud*ist allowed me to create new categories on an ongoing basis. Analyses are strengthened as new categories are created from the results of previous searches and indexing. Numerical summaries are added to the researcher's explorations and indexing of the data. The whole indexing system can be numerically depicted, edited, and printed. This feature of the program was helpful in identifying differences in the extent to which certain types of CIPs are evident.

Nud*ist also accommodates off-line documents which can include books, articles, and budget documents. The text of off-line data is not stored, but Nud*ist keeps a description of its contents. The documents can be indexed at nodes and memos about them can be stored. This was particularly helpful to the research since archival data was recorded off-line but this system ensured that insights contained in these documents were incorporated into the analysis.

The Nud*ist software package was chosen for its ability to offer flexibility in modifying the coding scheme and for the benefits of the "tree-structured" index system (See Appendix D). As well, relative to other qualitative software packages, it provided ease of searching for patterns in the data and a number of options for searching. The program collates the data in a number of ways; for example, it will search for intersections, finding all text units that are indexed by all of the given set of two or more nodes. A less restrictive collating option is an "overlap" search which will identify all text units that are similarly indexed by two or more nodes. Less restrictive yet, is a "union" search which will identify all text units indexed by any of the given set of two or more nodes. These options made it possible for me to assess connections between interdependencies and different CIPs.

The Nud*ist program also allows for matrices to be constructed by taking all sub-categories of a node (e.g., service, resource. knowledge sub-categories of the node interdependencies) and all the sub-categories of another node (e.g., central. formal, social processes sub-categories of CIPs) and applying an "overlap" to them. The result is a matrix that contains the coding from each pairing. Related information from different categories is brought together and can be assessed. For example, in this study, one matrix shows that information on service interdependencies and information on each process co-exists. This brings the potential relationship of two sub-categories to the forefront for analysis.

Other benefits to the program are that:

1) summary statistics are provided for all operations carried out on the data. These statistics provide additional information for analysis or the opportunity to challenge an idea in one's analysis: They also allow for reliability checks among researchers;

2) the storage of searches is easy; and,

3) program options offer sufficient flexibility to change one's way of thinking about the data.

There are some drawbacks to using Nud*ist to facilitate analysis. Discipline is required to define and title all nodes and to keep these updated on a regular basis. Discipline is also required to keep a daily log of the decisions made in light of the work done on the data. The program requires attentiveness to coding; it will not, for example, inform the researcher of duplication. Although inattentiveness could be reflected in summary statistics. There is a seemingly endless number of options available each of which may give one a different perspective on the data; thus, discipline is required to remain focused on how each analytic tool might bring insight from the data. One can get lost amongst possibilities! A significant amount of time is required to learn the program and there are no time savings in terms of the initial coding process. And the program does not provide any analysis; it is only a superlative organizing tool which can bring the data together in numerous ways for reflection.

IV.3 Archival Interview And Document Analysis

Full archival transcripts were read and subjected to traditional methods of content analysis: Text was cut from various transcripts and placed under themes. The themes were further developed from information contained in the detailed notes on those archival interviews that were not transcribed. The writing on these themes became "off-line" data stored in Nud*ist. Similarly, documents and interpretive writing about these documents were recorded as "off-line" data in the Nud*ist program.

In accordance with the theory, it was very important to consider the potential implications of these firms' histories for the ways in which they coordinate and integrate their offices worldwide. The understanding of this history came from a combination of the data sources, primary interviews, archival interviews, and document sources. Based on an integration of these sources of data, facilitated by the on-line and off-line features of Nud*ist, quasi biographical accounts of each firm were derived which provided important information about the factors affecting CIPs. History was incorporated also by directly asking partners, as part of the interview process, to reflect on the ways service to particular clients had changed over time.

IV.4 Veracity, Objectivity, And Perspicacity Of The Findings

The purpose of this section is to discuss the usual concerns of science - those being the extent to which the results are valid, reliable, and generalizable. However, I adopt Stewart's (1997) parallel criteria for validity, reliability, and generalizability for the discussion here, as I concur with the author that qualitative case-based research should not be subjected to methods criteria, set for statistics-oriented research. Drawing on Stewart's (1997) criteria I indicate here the basis for provisional and critical acknowledgement of my analysis of coordination and integration processes in GBAFs.

IV.4.1 Veracity

Veracity parallels a discussion on validity in statistics-oriented research. Rather than discuss the extent to which I measured what I intended to measure, the criteria of veracity requires that I discuss the extent to which I observed what my descriptions indicate.

There are a number of indicators that my descriptions are an accurate reflection of what I observed; indeed numerous steps were taken to ensure this occurrence. First, I combined archival and real time data together to derive "biographies" of each of the

GBAFs that could later be drawn on to better understand the context of coordination and integration processes and to enhance my depiction of them. Second, I sought a number of views about the firms' structures and processes from multiple types of interviewees (i.e.. auditors, management consultants, tax advisors, partners and non-partners, lead partners, and secondary partners). Third, the depiction of processes in each firm is an accurate reflection of my observations to the extent that I did not reduce the complexity of what was going on in the firm for the sake of a simple articulation. For example, I did not attempt to define and code processes or interdependencies so stringently that I would have been led to ignore the evidence of overlapping properties of these concepts; this despite the fact that forcing "fit" would have provided for an easier depiction of relationships and made for easier contrasts with existing theoretical perspectives.

The major challenge to veracity in this study is the fact that these GBAFs are huge and therefore, it is extremely difficult to cover all dimensions of them. Another limitation comes from the fact that the interviewees likely wanted to tell me what they thought I wanted to hear. In other words, they were more inclined to discuss coordination and cooperation than they were to discuss unit disjunction and conflict. In an effort to address this limitation I asked direct questions about the problems they had in serving each of the clients they spoke about and asked about both past and present conflicts arising while serving each client.

I am limited in my ability to depict coordination and integration fully by the fact that I am neither a partner nor a participant observer but only an interviewer. However, in this research, comparisons of my understanding of the processes in these firms and the factors affecting them, with that of other researchers also intensively involved in studying these firms, helped to reduce this limitation resulting from partial access.

Adding support for the accuracy of my depiction of the processes in these firms is the fact that my fieldwork extended over a long period of time (seven months from start to finish). This afforded me the time to do transcription, analysis, and interview preparation in-between interviews. Having said this, it is obvious that more interviews obtained by staying in the field longer may have led me to directly access more dimensions of these firms, further enhancing the accuracy of my depiction of coordination and integration processes. Revisits to the field and asking interviewees to comment on analytic pieces were considered as a way to gain further confidence in my depiction of the CIPs and factors affecting them. However, the extent to which one can revisit and/or request ongoing commitment from participants must be weighed against potential insights gained and assurances received.

A tactic I used that most strengthens the veracity of my findings was to make a conscious effort to bring together contrasting views about a process. For example, comments suggesting significant lead partner authority were contrasted with those comments which indicated that lead partners had little authority. Similarly these were contrasted with other comments that suggested the lead partner had authority but was unlikely willing to exercise that authority given the high value placed on collegial decision making. In this way the depiction of the lead partner process is not overly simplified and contextual circumstances affecting the role of lead partners in integration are understood. This approach was used in the development of many of the concepts.

An additional factor enhancing the veracity of my depiction of CIPs in these firms is that strong relationships had been established with these firms by senior members of the Faculty of Business at the University of Alberta. This generated tremendous access and better ensured full assistance from the initial contacts I made within the firms. Furthermore, although I was dependent on the "insiders", in other words the partners, to generate ongoing interviews, the limited number of people occupying high level roles to whom I required access meant that there was little chance of me being "sidelined" to individuals with insufficient knowledge or experience in the phenomenon which would create barriers to my final depiction.

My ability to depict accurately the CIPs in these firms was further facilitated by the tremendous opportunity to learn apriori important terminology and understand structures of these firms by way of existing archival interviews. Without such apriori grounding in the workings of these firms it would have been difficult to get to the depth of description and analysis that I was ultimately able to achieve.

Although in the context of other types of firms, language may have been a barrier to my understanding, it was not a significant problem in this research. All partners spoke fluent English and English was the dominant language of business transactions. Asian accents made transcription tedious but did not cause the data to be non-interpretable.

Finally, the multiple modes of data collected further support the veracity of my findings. Drawing on multiple documents (internal and external), archival data, and real time interview data bring greater confidence to my depiction of the firms' CIPs.

IV.4.2 Objectivity

Rather than discuss the inherent reliability of this research, I utilize a parallel concept, objectivity, as its focus is more appropriate for qualitative case-based approaches (Stewart, 1997). Thus, I do not discuss the extent to which my observations are free from bias, replicable by others, or stable over time but instead discuss the steps taken in this research to help ensure that others are likely to draw the same conclusions as I from the data collected. I took a number of steps to ensure that I remained open minded and receptive to many points of view and so alert to the discoveries. My ability to remain open is indicated by the fact that my findings "transcend" my personal perspectives and the perspectives of the interviewees. For example, the extent to which there was a clear relationship between the firms' ability to mirror clients' reporting and operating structure and the firm's performance (ability to maintain the client), especially in regard to the audit task, was a more explicit pattern than initially allowed for by my personal perspective. Thus, problems of decontextualizing international integrative processes were not immediately apparent to interviewees or discussed by them in that way. The finding that the firms' decontextualization of international integrative initiatives (i.e., lead partner concept) creates barriers to higher level integration is not an insight that was stated directly from partners but is one I was able to come to through an integration of comments made by many different interviewees.

A number of steps were taken to alleviate bias. I have, by way of Nud*ist, left a trail of my coding and re-coding such that large amounts of information at various stages can be presented to readers allowing them to come to their own understanding of the data. Further enhancing the objectivity of my findings is the fact that I have provided sufficient information on processes, on relationships between processes and interdependencies, and on factors influencing processes to enable individuals to undertake a similar study and potentially disconfirm my findings either in the same firms (these or one of the other three Big Six advisory firms) or in slightly different firms (other professional business service firms).

A barrier to objectivity often occurs when results are confounded by the interviewer's characteristics or the research process. However, I have no evidence that my personal characteristics, in any great way, affected the behavior I observed or the way in which the interviewees responded to questions. There could have been a gender bias, especially in Asia, whereby interviewees were somewhat resistant to discussing the phenomenon with a woman; however, if such a bias existed it is not obvious to me.

Throughout the writing of the analysis I made an explicit attempt to provide information about the research choices I made throughout the process and to provide my rationale for decisions such as extending interviewing to more types of people, to adding Singapore to the sample in order to enhance comparisons between emerging and developed countries, and focusing on multiple client scenarios rather than just a few in order to attend to the complexity of these firms. As well, I provided an explanation of what led me to believe a new concept should be added to the theoretical framework; this further enhances the objectivity of the findings. For example, the importance of external interdependencies for understanding CIPs in GBAFs was made apparent to me through interviewees' references to interactions with competitors and other professional service firms in the provision of global client service.

Further increasing the objectivity of this research is the traceability of the network of contacts for this study and the research decisions (e.g., adding or altering concepts) within the interviewees' memos held within Nud*ist, within the node summaries contained in Nud*ist, or available in my "diary" which provides a detailed record of the methodological decisions made during the study. Stewart (1997) refers to such a diary as a comprehensive data archive.

Respondent validation is one way to enhance the objectivity of the findings, however, as previously alluded to, this was difficult to obtain in light of the time investment already made by interviewees in this study. Instead objectivity was enhanced by attaining feedback from "outsiders" on evolving analysis. This was done in two ways. First, the fact that this research builds on past research on these firms and supports a team orientation toward understanding the management of GBAFs, provided me with the opportunity to discuss evolving concepts and themes with other scholars intensively involved in understanding these firms. Second, "outsider" feedback was attained by doing a number of interviews with individuals outside the specific firms of interest who had knowledge of, and/or experience in, working in GBAFs. Of these interviews, three were particularly important for enhancing the objectivity of the findings. One individual was a practicing accountant in a smaller Canadian accounting firm which served global clients. This interview occurred early in the research process and served to confirm that the coordination and integration issues I had identified were accurate and comprehensive. A second "outsider" interview was conducted with an owner of a smaller accounting practice in Malaysia that comprised numerous offices spread throughout the country. An overview of the Big Six firms and their relationships with each other and with other professional service firms in the Asia region was gained in that interview. A third interview, also in Malaysia, with a former member of one of the Big Six accounting firms in Asia provided historical and contextual information that somewhat ensured that my potential bias was checked. For example, it was in that interview that I became explicitly aware of the different competitive positions held by the firms across different countries.

Multiple perspectives on a phenomenon, in other words employing multiple researchers in a study, always enhances objectivity of the findings. Multiple researchers were used when the archival data drawn on in this study was collected but multiple researchers were not available to enhance the objectivity of the 54 real time interviews conducted for this investigation.

Finally numerous kinds of checks on my indexing and coding enhance the objectivity of findings. To reduce the chances of pertinent evidence not being pulled forth, I read all interviews many times. When I was in doubt about the relevance of a comment to a category, I erred on the side of inclusion, attaching interviewees' comments to all potentially relevant categories. When a new concept or theme emerged, I went back over previously read interviews and searched them explicitly for evidence either confirming or disconfirming the evolving idea. Nud*ist can produce "summary statistics" which identify the specific references comprising a particular category. Thorough analyses of many summaries led me to further pursue certain avenues of discovery. For example, finding that all comments pertaining to problems with the implementation of the lead partner concept were from partners in Malaysia and subsequently identifying that such comments were not specific to interviewees of only one or two firms but to all three firms, culminated in the insight that the GBAFs' "decontextualization" of certain integrative processes may be undermining their integration efforts. Nud*ist can do word searches so in order to ensure all comments pertaining to a concept were considered for categorizing, word searches were sometimes done to ensure all examples of the phenomenon were brought forth.

IV.4.3 Perspicacity

A parallel and more fruitful concept than generalizability for qualitative case-based research is perspicacity (Stewart, 1997). Rather than focus on the extent to which my findings are applicable to other populations, perspicacity requires that I address the extent to which the insights of this research are applicable to other times, to other places (i.e., other accounting firms, other professional business service firms) and to other human experiences.

Numerous steps were taken throughout the research process to provide insights that are applicable: I have documented the results of theoretical sampling. I have, in appendix form, made available those categories and their associated definitions that supported my analysis and have provided examples of the information contained within these categories. The primary way in which perspicacity is addressed in this study is through the multiple case approach chosen. The multiple cases enhanced the range of CIPs identified in GBAFs and the variations in those, as well as a range of factors impacting those processes. The multiple cases also increased my chances of finding disconfirming evidence for the evolving concepts and themes. The range of concepts, variation in concepts, and range of factors identified may have been broadened further had it been possible to include Arthur Andersen as a case as it is clearly the most different in terms of its growth history and structure from the other five Big Six Advisory Firms.

Evidence of perspicacity is provided when the findings, especially those pertaining to human behavior, ring true in the contexts of other disciplines. In this study the idea that if these firms made explicit the historical relationships among people and groups that are creating barriers to important interdependencies they would increase the overall level of integration among offices and thus be better able to serve the client is supported by theoretical perspectives in other disciplines (i.e., relationship theory in psychology; cross-cultural perspectives on leadership, and conflict resolution in anthropology).

Despite numerous efforts to make the analysis rigorous, it must be recognized that each of these three firms is continually adapting its organizational arrangements in response to a continuously changing context. The processes of structuration are in play; at any point in time, there is an organizational form that is facilitating and constraining certain behaviors and interactions of its members, while at the same time being shaped by those very behaviors and interactions. Given such plasticity it is difficult to articulate the firm's organizational form.

The descriptions of the CIPs underlying these firms' services to global clients are specific to the clients they were serving at the time of the interviews and specific to the way they had been serving clients up to the summer of 1996. Some of the arrangements for serving clients generally, and for serving the specific clients discussed, may already have been superseded.

CHAPTER FOUR
COORDINATION AND INTEGRATION PROCESSES IN GBAFS

As discussed in previous chapters, there is a major strategic thrust in all the Big Six Advisory Firms (GBAFs) to increase the overall level of integration among their numerous semi-autonomous member firms. Once loosely coupled systems, GBAFs are now becoming more integrated to improve service to clients operating across multiple borders. Their global clients want single services (e.g., audit, tax, management consulting) provided more widely and consistently; a larger array of "value-adding" services offered simultaneously, and industry specific advice provided efficiently and effectively.

The purpose of this chapter is twofold. The first purpose is to describe the prominent interdependencies and coordination and integration processes (CIPs) being used in the three GBAFs to better enhance service to global clients. The second purpose is to discuss the relevance of the conceptual relationships between interdependencies and CIPs depicted in the conceptual framework.

This chapter comprises six sections. The first section describes the nature of the service, resource (e.g., financial, human resource, methodological), and knowledge interdependencies in these firms. The second, third, and fourth sections describe respectively the central, formal, and social processes supporting an increased overall level of integration. Thus, in section two, the role, responsibilities, and authority of the international firm (i.e., international executive group) is described and shown to be a key centralizing process that is increasing the level of overall integration among the firms. At the level of execution, the role, responsibilities and authority of the lead partner for global client engagements is described and shown to be another key centralizing process enhancing the overall level of integration in these firms. In the third section, three prominent formal processes (i.e., industry focused strategies, regional strategies, and technology) are discussed which support increased integration. In section four, the social processes (i.e., human resource management practices) are described which support stronger collegial relationships and create a common understanding for action. In each of the sections, CIPs are described and the particular interdependencies (e.g., service, resource, and knowledge) they support are discussed.

The fifth section summarizes the firms' responses to integrative pressures and examines the consequences (i.e., tensions around the various processes) of those responses. The sixth section provides a summary articulating the extent to which the interdependencies, the CIPs, and the relationships between them "fit" the preliminary expectations derived from the conceptual framework presented in Chapter Two. As well, inferences are drawn and suggestions made about the ways in which the framework may need to be changed to provide a more comprehensive account of the way coordination and integration occurs in MNEs.

I. Interdependencies

I.1 Service Interdependencies

Interdependence - generally defined - refers to linkages among different organizational sub-units (Thompson, 1967). Interdependence means that one member firm requires one or more of the other member firms to engage in associated activities in order to complete a task for a client. Service interdependence means that there is a reliance of partners from different offices on each other to provide a portion of the overall work required to meet clients' demands. Service interdependence may occur either when the client receives a single service or when it receives multiple services simultaneously.

The nature of the interdependence (e.g., complexity) varies dependent on whether the assignment is an audit, management consulting (MC), or a tax assignment. In the case of audit, partners in different offices each do their piece of the "puzzle" and the pieces are later consolidated into the final required financial report. Because there is fairly consistent audit training and expertise throughout the world and access to resources, interdependence for audit is not usually complex or difficult to manage. The nature of interdependence is somewhat different for tax. Individuals in each country have the expertise relevant to their locale. In fact, tax laws are so different and change so swiftly that most professionals are only expected to have expertise related to their locale. Professionals' reliance on each other across offices comes from the fact that changes in a client's business may have differential tax implications in various locales. A good business decision on the part of a client requires advice sought from professionals in every locale effected. In the case of MC, where expertise is diverse and dispersed, and thus less easily accessible, numerous and varied contractual arrangements are utilized among offices. The interdependencies are often more complex and difficult to manage. The complexity is clearly illustrated in the following statement made by a Canadian management consulting partner from Southern Corp.:

> The other complexity was not only were we using Canadian [software] - we used a software vendor from Dublin, Ireland eventually. .... We also had another vendor that had a Thai distributor, but then we had to get some programmers from India, and then also some other support people from the Philippines.

I.2 Resource Interdependencies

I.2.1 Financial Resources

The firms are financially interdependent in two primary ways. First, member firms are increasingly engaged in more complex international revenue collecting and cost allocation agreements with the international firm. For example, firms are paying an increased proportion of their fees to the international firm which allocates funds to various strategic initiatives like investment in the development of new practices that will benefit a large number of the member firms. Similarly, revenues collected from member firms are increasingly allocated to international committee initiatives (e.g., worldwide technology enhancement programs, worldwide methodologies). Second, the firms are interdependent in terms of the referral work they provide to each other. The pattern of referrals, however, has become complex; multinational clients are increasing in a number of countries. The firms depend on each other to provide quality service in the local environment for a reasonable fee so that the global engagement is never jeopardized. Increasingly, the firms are entering into profit sharing agreements within some regions.

I.2.2 Human Resources

The firms are increasingly interdependent in terms of human resources. Individuals from across member firms and from different disciplines are being brought together into teams so they can attain the consistency, quality, diversity, and level of specialization that clients want. The member firms depend on one another to provide "top notch" people to the global service teams, sometimes at the expense of serving local clients whose accounts may actually be more lucrative.

I.2.3 Methodology Resources

Technological interdependence in these firms is in terms of methodology development and application. Methodological development often occurs in one place in relation to a particular client. The firms are increasingly dependent on one another to exchange methodologies so that large clients receive high quality, consistent service.

The most elaborate example of methodological interdependence among firms warrants discussion. A new and innovative methodology began in Southern Corp. in direct response to frustration, both internally and externally, with the limitations of the traditional audit model. One interviewee explains it in this way:

> The whole international initiative started as a result of what we perceived to be changes in the market place, both international and domestic markets. And the firm realized that we had an audit product that a lot of people - they didn't want to buy it. Because the traditional approach, which was similar to what all the firms were doing, it didn't allow us to differentiate ourselves in the marketplace. No, at any rate, I guess the problem was that we had a product that wasn't helping us differentiate ourselves in the market; the whole series of audit products being offered turned into a commodity and so suppliers were really being chosen based on price. That was a very poor thing for any CA firm to have to pay because we had diminishing returns, and we had a mature market, and so we needed something that we could help the market appreciate the value of the work a lot more. And in order to do that, we needed a new series of products that were based on the value drivers of the market.

Speaking directly to the internal frustration driving the firm's methodological development, the interviewee describes the new method as one that:

> ... was developed with clients' business risks and value drivers built in up front. It wasn't developed around professional standards or internalized agendas. It was supported by an enabling infrastructure of human resources and technology and firm orientation. And all of those things are still undergoing considerable design and tempering to the times and political realities of our firm.

The development of the new methodology began with the largest member firms.

Initially, ten individuals from various national practices formed a team and developed the techniques that are now being applied throughout the world. The process was research intensive for six to eight months and required about eighty people. Partners around the world were interviewed on what they saw as the current state of audit. The firm's research also identified "global economic megatrends," trends in terms of strategic alliances; and issues around mass customization. Further, the process tried to map out what was going on in the clients' world. Management styles and theories were researched to try and bring innovative ideas and learnings to the vision. A total of 50,000 hours of research were conducted and underlay the final development and implementation effort of the innovative methodology.

The results of the research culminated in a vision of how the international firm should respond to the market with a value oriented product methodology. The methodology is a customized product that is business oriented and focused on business, not just financial, risk. The innovative methodology builds an organization around the job with its reporting requirements and design outputs at the front end. It builds in "value contracts" and builds a system that ensures deliverables superior to the traditional audit methodology.

The development occurred in three phases. Phase One, in 1994, focused on short term improvement. The international task force heading up the methodology development looked for what the firm could do better in its current audit process in order to produce gains of 20%. It wanted to reduce low value time, document handling, review, and inspection of documents so the process could be more efficient. The focus of Phase Two, in 1995, was on higher level vision concepts, mostly putting in the building blocks to the existing methodology. Its purpose was to build some important vision concepts into the mindset of the practicing firm.

Phase Three, occurring now, is a training program consisting of manager retreats to get the methodology rolled out. Most training was done in 1996 - at the time this research was being carried out - with the final implementation planned for 1997. At the time of this research, 250 clients across approximately 30 countries were being pilot tested with the methodology. Successful global service is believed to be contingent on the firms supporting the continued implementation and maintenance of the methodology.

I.3 Knowledge Interdependencies

The data suggest that knowledge interdependencies are increasingly central to the accounting firms' viability. One partner from Southern Corp., having dealt with international clients for many years, expressed the changing knowledge demands in this way:

> Well, the thing that has traditionally linked the offices is the work referred from one country to another. The next thing that brought them closer would be economies of scale where you could have technology, your piece of the technology bill was smaller when 100 countries bought into it than if you tried to develop you own technology, your own audit programs, your own retrieval software, those kinds of things. So you see these firms going through a spectrum. Referred work is still important. The economies of scale and investment kind of things is still important. But where I see us moving very quickly is the closer tie will be the sharing of knowledge. And I think that is a natural evolution as we go along. And you will not be able to practice as a substantial Malaysian firm or substantial Singapore firm unless you get access to that knowledge.

A tension exists because knowledge interdependencies are the most critical interdependencies yet they are the most difficult to support. One difficulty lies in the lack of transparency of the existing knowledge in the firm. A further difficult problem is that successful knowledge interdependencies that create value for the client require cross-disciplinary interaction; power struggles among individuals and groups become a major barrier to higher level integration. Finding the right processes and achieving the right overall level of integration is further complicated by the primary incentive system (i.e., the partnership form based on local profit sharing centers) and by professional ideology (i.e., preferences for autonomy and independence).

I.4 Evolving Interdependencies

The data indicate that there are three additional interdependencies in these firms not accounted for in the conceptual framework. First, the association of client pressure and changing interdependencies, in part, provided the impetus for this study but what was not conceived were partnerships of the sort witnessed between the firms and their clients; the firms and their clients are increasingly seeing themselves as business partners. Second, GBAFs are increasingly interdependent with their competitors (i.e., other Big Six firms) and third, are increasingly interdependent with other service firms providing (e.g., engineering, law, technology firms). These realizations lead to the CIPs supporting these interdependencies becoming a point of interest for further data collection and analysis. The data indicate that these interdependencies together with the CIPs supporting them, are so important that we may see a change in the entire organization and dynamics within the accounting organizational field in the relatively near future and provide some initial support for these ideas in recent work on organizational fields (e.g., Greenwood and Hinings, 1996; Suddaby, Reay, Hinings, and Greenwood, 1997).

II. Central Coordination And Integration Processes

As defined in Chapter Two, central CIPs are the activities of individuals or groups who have been delegated responsibility and have authority to make decisions that bring offices together to serve a client. Central processes involve personal direction and intervention. The international firm (executive group) and the global lead partners are two salient central processes uncovered in all three firms investigated; each one is described below.

II.1 The International Firm (International Executive Group)

In each GBAF, the international firm is a governing structure that is becoming increasingly powerful in bringing about a higher level of integration among offices. Although the governing structure varies somewhat by firm, each one is comprised of individuals appointed to an international executive management group. No professional services are provided directly out of the international firm and few executive members have their own clients. Disciplinary developments in audit, MC, tax, and many other specialties emanate from the international body. As well, functional work connected with international marketing, international liability, and technology is done through a number of international committees (frequently referred to as groups) or task forces. Increasingly, these international firms are international revenue generating and cost allocating bodies. For example, an increased proportion of members' fees are being collected by the international firms and then invested in the development of new firms in emerging markets.

The executive management group primarily establishes the international strategy of the firm. A critical element part of the international strategy of each firm has been the development of a key client service approach. These client service approaches address how the international firm can better manage itself to identify, market, sell, deliver, and coordinate quality services to meet the increasing demands of multinational clients. In each case, the international executive management group works to cultivate the perception that the firm is a single global firm with sufficient control to ensure client issues are dealt with worldwide.

One aim of each firm's client service strategy is to target a specific number of "key clients." The idea is to provide high quality service to a few, large, high revenue generating clients whose needs cut across multiple service areas. Part of the targeting process in each firm involves identifying and developing industry sector specializations and making decisions about geographic focus. In Eastern Corp., there are 300 international key global clients so far identified. In Southern Corp., the targeting of key clients is related to the implementation of an innovative new audit methodology in which 250 clients in 30 countries form part of the pilot test. In Northern Corp., the international strategy has been to target clients in 25 countries which make up 90% or more of international fee income; it has targeted 50 clients so far. The firm plans to target a further 25 clients in the near future, and to have targeted a total of 100 key clients shortly. An underlying assumption of the decision to target global clients is that the higher revenues and associated profits necessary for the firms to remain viable will be attained by ensuring service to the largest global clients.

In principle, the international firm has primary authority over every aspect of service to global clients and can exercise that authority by evicting non-compliant member firms. All actions pertaining to global client services are guided by the strategic direction and policies and sometimes also by the direct intervention of this international executive group. In practice, there are constraints on this group's ability to impose its authority.[2] Both the "clout" and the limitations of authority of the international firm are illustrated through the following examples.

Eastern Corp. audits worldwide a very large multinational softdrink company and, as part of gaining that engagement, the international firm agreed they would not provide any strategic professional services to any other softdrink company. However, one local firm took on some minor work with a competitor of the client - not knowing of the international agreement - and the resulting complaint was taken up by the firm's international office. As a result, the chairman of the international firm sent a message to every managing partner working with the client: They could not provide any kind of services to this client's competitors because of the standing international agreement with the client. From the interviewee's perspective, this action shows considerable authority which, until recently, had been unheard of in the firm.

A Canadian audit partner, also from Eastern Corp., discussing a client scenario involving the Filipino firm, describes the international firm's authority in the following way:

> And how much authority does the umbrella international organization have over them, the Filipino firm? I mean they can tell them to do something, but just like the UN can tell the Canadian government to do something, but does the Canadian government have to listen? In the short term no. In the long term, the other members of the UN can hold sanctions and things like that. Well, in our own little world its probably the same in that if a local firm doesn't want to cooperate with the way we internationally think we need to serve a particular client or a group of clients or something, I mean I guess the ultimate hammer is that you expel them from the organization. That is very drastic and doesn't happen very often but it certainly can happen.

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[2] There are significant differences between the firms in terms of each international firm's authority capacity. These differences are made clear in subsequent sections of this chapter.

One interviewee described how authority was exercised in much the same way in Southern Corp.:

> If we need to and we have a real problem with any particular firm the international boys can actually step in and look into that particular country or that firm and say hey, what is going on? Are we wasting our time? Are we not giving you enough business? If necessary, they may even change firms which we did with Indonesia actually. Not long ago. Not possibly because of that reason but perhaps for other reasons which is not privy to me. We actually switched recently from Indonesia (another local firm became part of the International Firm).

Consistent across all three firms is the strength of the international executive groups and the extent to which the exercising of central authority is increasing. Despite this common direction, the data indicate that Southern Corp. has a vision for a much stronger centralized organization and is moving relatively quickly towards it. Eastern Corp. is envisioning ways to integrate more effectively and more centrally but only for a small important group of global clients. Northern Corp. is moving at the slowest rate towards a strong international firm that centralizes client service; in fact, most global initiatives are slow to take off in Northern Corp., and many are aborted before achieving fruition.

II.2 Lead Partners

As part of the GBAFs' key client strategy, each firm has both a lead partner concept and a service team concept that are increasingly important in bringing the offices across the world together to serve global clients. In each of the firms, the lead partner can be an audit, a tax, a MC, or another type of partner; however, because of the auditors' historical relationship and their continuous and frequent contact with clients, they are most often in lead partner roles.

The lead partner is an individual who is given the responsibility to maintain the client relationship at the highest level and to make sure the client obtains the best quality of services wherever the client goes globally. The lead partner is expected to have the expertise required by the client (although this expectation varies by client); to have the "big picture" of the client's needs; and therefore, to set the specific client service strategy. The lead partner's responsibility is to ensure a good flow of information about requirements and risks of the job and to identify with the client any areas for improvement. The lead partner is responsible for conflict resolution both externally and internally among the firm's offices. S/He is responsible for understanding the conditions of local environments to ensure equity in terms of compensation to all locations and for making certain no local firm is exposed by another. The lead partner also is responsible for ensuring that the extent and nature of communication both with the client and between partners is appropriate and for taking the necessary steps to ensure expertise is in each of the offices in order to maximize the clients' benefits by ensuring the transfer of ideas and links to external services (i.e., competitors, other professional service providers). Ultimately, if a client is lost the lead partner has to answer the question: Why? The only limitation to the lead partner role is that s/he is not to intrude on technical and professional matters.

The lead partner, to a greater or lesser extent in the different firms, has authority to select the client service team, to ensure appropriate resources and expertise exist worldwide, to change partners to gain better service, to change offices to enhance service, dictate fees to local offices to secure the global account, to demand knowledge of all services provided in the various locations, and to make decisions that facilitate client service. Despite the articulated acknowledgment of the authority inherent in the lead partner role, the partnership structure of these firms places considerable constraint on that authority. The ambiguity pertaining to the amount of exercisable authority in the lead partner role is seen in the subsequent array of comments. One Singapore audit partner from Southern Corp. describes the lead partner's authority:

> But the one area that Southern Corp., I think, from my own experience has been successful in, even though we are not a worldwide firm, is in its ability and its authority to impose, to have one office impose worldwide reporting standards and fees on another office in the event that there is a dispute. ... the situation in Southern Corp. is that the engagement partner in the lead office has the authority to bind the firm anywhere in the world. He has that authority and in my experience it works. ...You wouldn't be able to build up that authority in real terms but in practical terms that exists and it works.

The Asia Pacific Regional partner for Southern Corp. suggests that the international firm provides the structure and gives authority to the lead partner in the multinational client relationship, but then he comments that the lead partner is likely to use considerable discretion in expressing that authority. The regional partner argues that lead partner authority is not likely to be exercised because partners see each other as "fellow partners" and the dual roles played by partners (i.e., sometimes lead partner, sometimes referral partner) create a sense of reciprocity. Somewhat contrarily, the following Canadian audit partner from this same firm suggests there are considerable constraints on the authority inherent in the lead partner role:

> It [lead partner authority] is not always clear cut. Our firms are all independent firms and if I went to the chairman of the HK firm and said I want someone else and he said no, or no I think he's the right guy or for whatever reason resisted it, it might prove, well it becomes a cooperative effort needing some diplomacy. .... It is tough to dictate to offices ... it would be fine if all the profits of the world were shared with all the people in the world. ... But we've got to be happy that the fee we are getting paid is a fair fee for the risk that we are taking on. And it is give and take.

In one client scenario handled by Southern Corp., the lead partner was chosen, in part, because of his hierarchical position in the firm; it was felt that his Regional Managing Partner status secured his authority in overseeing the service to this important global client. A Canadian audit partner describes the situation:

> ... [lead partners] have a great deal of power and they are formed to deliver a full range of services around the world. So what we did is [Joe] is the Regional Managing Partner for the Pacific Region and the Office Managing Partner here, and sits on our management committee for the firm. And with that profile he became the client service team leader because we wanted to make sure we had a partner who had the profile and authority at the national level to deal with equal counter parts in other parts of the world and where necessary rattle cages and chains and that kind of thing.

So within Southern Corp., the Singapore audit partner argues that there is considerable authority inherent in the lead partner role. The Asia Regional Partner agrees but suggests the authority is used with discretion. The Canadian audit partner suggests there are considerable constraints on that authority. And a fourth partner - another Canadian audit partner - implies that he feels uncertain yet about the amount of authority inherent in the lead partner role; where authority is important, the lead partner authority is solidified by choosing someone whose other roles reinforce his/her authority.

A Canadian audit partner of Eastern Corp. implies that the authority of the lead partner lies in the fact that partners become clients of one another. He states:

> I mean realistically, I mean if I wanted to I could do a lot more work out of here. They're like a client. It's like a client relationship with them [other member firms] even you could put it that way too. I mean they obviously have to service me. If I'm not getting service out of them, you know I could do an awful lot of the work out of here.

Another Canadian audit partner from Eastern Corp. puts it this way:

> ...well authority - this goes maybe back to our structure a little bit and how much authority do I have over someone in Manila. I certainly have the responsibility. Do I have the authority to command somebody down there

> to do something? Probably not. That hammer that I would have over them is I have control over whether or not they get the work probably.

It is interesting to note that in both cases, the assumption of the Canadian partner is that partners in foreign offices do indeed need and want referral work. This assumption does not always hold up across the borders investigated in this study.

A partner from Eastern Corp., in Malaysia argues that the authority of the lead partner role is not sufficient to provide support for all member firms equally. He suggests the lead partner concept works unidirectionally for the large offices; it fails to support all member firms' involvement in global service.

> Unfortunately, when you talk in terms of a lot of these companies, they are pretty large in Malaysia but in terms of China it is very small. And in terms of US even smaller. So that is why, to me lead partners' positions have to be positions whereby it should be a level playing field. Thereby, we should have the right to commit, just as the US has the right to commit. We find it is one direction most of the time. .... A two way process I will see that the China practice would respect that it is a significant client of the Malaysian practice and we would be able to come around and figure out how both sides are satisfied. .... We tend to see more difficulty with some offices. Offices like China, Hong Kong, and Singapore where we don't seem to be able to work things out.

In other words, more authority is inherent in this role for partners from large member firms than for partners from smaller firms. What the interviewee is describing is large member firms' non-acceptance of the authority of lead partners from smaller firms. A tax partner in Northern Corp. in Singapore attests to this problem with the amount of authority inherent in the lead partner role:

> I have no say in what they are doing but I can caution them of what to do. Because we are organized on a separate partnership basis I mean they could just not listen to us. We have no direct authorities over any of our offices.

It is clear that there are also issues operating at the more micro-level: Some lead partners are more willing than others to exercise their authority and some partners are more willing than others to acquiesce to the wishes of another.

Notwithstanding the ambiguity, the authority inherent in the lead partner role is a centralizing process in these firms of unprecedented nature. Fee dictation and partner allocation have never before been mandated. However, the lead partner concept does not have the strength of centralizing forces found in corporate ownership arrangements. The ambiguity and lack of consensus regarding the authority in the lead partner role arise because of the partnership form (predominantly characterized by strong collegial bonds) where no direct sanctions exist for non-compliance.

Clearly, the lead partner concept is one of the most, if not *the* most, important process raising the level of integration among GBAFs' semi-autonomous offices. The lead partner concept is easily recognizable in all three firms and is recognized and referred to by partners consistently across borders. It is also recognized and referred to similarly by individuals across disciplinary areas (e.g., audit, MC, tax) and by individuals at different levels of the hierarchy (e.g., partners versus managers). This is significant in that there are few, if any other concepts in these firms around which there is this kind of familiarity within the worldwide operation and this level of commonality in its application across firms.

II.3 Interdependencies Supported By Central Processes

In summary, the international firm supports a higher level of overall integration among the firms by supporting - at least to a degree - service, resource, and knowledge interdependencies. Its centralizing force lies in its designation of international strategy, specifically general client service strategy, and in its development of supporting policies for the strategy. At the level of strategy and policy the international firm supports single and multiple service interdependencies. It supports financial interdependence in being a revenue generator and cost allocator at the global level; at the execution level, the international firm sometimes intervenes and requires firms to do work for less than their normal fee. The international firm supports human resource interdependencies through international HRM strategy and policies (e.g., recruitment, appraisal, transfer policies). A thorough discussion of specific policies is contained in a subsequent section. Also, through policy making and resource allocation, the international firm supports the development and implementation of worldwide methodologies. The international firm is supportive of knowledge interdependencies through its support of international committees for technology enhancement programs which allow for the development. accumulation, and acquisition of diverse kinds of information both internally and externally.

The lead partner role is an innovative central process not witnessed in often studied MNEs. It is a centralizing process that, similar to the international firm, supports service, resource, and knowledge interdependencies. It is a particularly strong centralizing process at the level of execution and is effective in raising the level of cross-discipline and cross-border integration. The lead partner role supports financial interdependencies among member firms by giving lead partners authority to dictate fees. In fact, the lead partner and the international firm are fairly recent and strong supporting processes of financial interdependencies among the firms. Unlike in other MNEs, where financial interdependence can be assumed, GBAFs have only begun to move in that direction recently.

The lead partner is effective in supporting articulated knowledge interdependencies. Based on information available on individuals' backgrounds and experiences, the lead partner can identify and bring together those who have the best skills for a particular assignment. The lead partner establishes much of the nature and frequency of information flow among firms and so in this way further supports knowledge interdependencies. However, the lead partner cannot support tacit knowledge interdependencies. In other words, s/he cannot know the sense a partner has made of his/her experience and cannot insist a partner share that experiential knowledge and reflection with other partners. Tacit or experiential knowledge exchange requires social processes which are discussed in the next section.

It is significant that the lead partner role appears to be the key process supporting the new and increasingly important interdependencies between the firms and their competitors or other professional service firms (PSFs). In terms of client interdependencies, the lead partners are held solely responsible for maintaining the client relationship and for ensuring that the client is pleased with the service provided. In other words, the lead partner creates an internal organization that ensures the client's needs are met. Also, the lead partner is responsible for establishing the firm's relationships with other firms when required in a specific client situation and for determining the processes by which interdependencies will be supported by using other service providers.

As part of these international firms' strategic thrusts to serve complex global clients, a number of formal processes have emanated from the international bodies. Each prominent formal processes is described in the next section.

III. Formal Coordination And Integration Processes

Formal processes are systems, policies, standards, and procedures comprising actions and activities that have become standardized, codified, and routinized in various ways and that bring increased unity of effort among offices. Formal processes lie along a continuum ranging from relatively weak formalizing qualities to strong formalizing qualities; they involve less personal direction than central processes. As will become apparent in the discussion which follows, implementation of a formal process characteristically results in the need for more formal processes. In the three GBAFs investigated, the development, articulation, and implementation of industry focused strategies, regional strategies, and new technology enhancement programs are the key formal processes by which a higher level of overall integration among member firms is being achieved.

III.1 Industry Focused Strategies

The largest member firms in each of the GBAFs have a strategic focus to substantially increase their expertise in certain industries. Particular industries are a focus in certain geographic areas because of their size, potential revenue yield, or the technical challenge they present. Arising out of this strategic focus, business units have formed whereby individuals from different disciplines, but specializing in a particular industry, are pooled together in order to provide more coherent service to clients within specialized industries. For example, in Southern Corp. there are a number of meetings focused on clients in the insurance industry. The US, for example, has a large national Insurance Group that opens its meetings to other country participants. Also, there are regional Insurance Group meetings (e.g., Asia Pacific Region) in the firm and

International Insurance Group meetings which bring together key people from the US, Australia, Holland, and Britain about three times a year. In addition, Southern Corp. has a quality control program specific to the insurance industry whereby personnel from one office dealing with a client go to another office which handles the same client in order to review the work done at that office and make suggestions.

The formalizing nature of industry specialization is seen in the subsequent quotation by an audit partner in Southern Corp. who is describing the Regional Insurance Group in Southeast Asia.

> ... if we have evolved to a situation in Singapore where we have a Regional Industry Insurance Group, a Singapore Insurance Industry Group, and if our Hong Kong firm has done the same thing, and if our Malaysian firm has done the same thing, it is more because we have recognized the challenge and structured ourselves to cope with that challenge out of a mutual understanding of the problem and opportunity than because somebody said to us hey, there is a Regional Insurance Committee and you guys will serve on it. That is not to say we don't have coordination with the other firms in the region. We do, of course, but that tends to rely more upon a common understanding, a common liking, a common respect, for your fellow professional, working in the same field for the same firm in a different office.

This audit partner went on to list partners, by name, in the various regions who were instrumental in sustaining an industry focus in their areas, but made it clear that representation in these industry groups is not mandated.

Industry strategies are clearly articulated in the plans of many of the member firms in each GBAF. The industry strategy at the local level has given rise to clearly defined industry groups at regional, national, and international levels. Fairly routinized relationships among industry committee groups at different levels (i.e., local, national, and international) are illustrated by the following:

I suppose firstly in Canada we have an oil and gas committee that meets

> periodically that discusses issues that are relevant to the industry and there is representation from across disciplines. So a number of us will meet every couple of months and just sort of go over what the service opportunities might be for us or else what the opportunities for our clients might be in terms of business. And then [Joe] who chairs that group - he then becomes our representative on the international committee and will interface with the other firms and make them aware of our needs and pass on to us the opportunities of other countries.

The industry focus strategies also clearly routinize relationships across the disciplines. This is clear in the following:

> Our business as much as we try and operate it otherwise, tends to be driven out of different business units historically where you've got consultants and you've got tax people and you've got audits. And trying to put them together is a bit of an uphill struggle. Again, you know when people see the results of doing that well then they like it. So I guess our way around that one is we've sort of put people on teams and said you're going to have to work with these people and you may not like it but we hope you'll get to like it. And you get to like it because you get good results.

The most prominent development in terms of industry focus and business unit formation warrants discussion. In Eastern Corp., industry specialization has culminated in a vision for a new global structure referred to as the "global firm." Fairly concrete actions had taken place at the time of data collection for this research towards a achieving global firm. The implementation of this global firm model shows the trend toward more standardization and routinization of both the requirements for and the approach to serving certain groups of clients. More specifically, the vision for this global firm is to bring partners out of some of the national practices to form new global structures. This first global firm will use personnel in some of the national practices but will effectively purchase these resources through a transfer pricing mechanism. As well, it is likely that an arrangement will be made for royalties to go back to the original national practices. The partners of the global firm will take on very large engagements, pieces of which will need to be done in many different countries. These global partners will propose, organize, run, control, and bill the project all from one central location in the world and will share in the profits of the global firm.

The "global firm" is the outcome of discussions at the international executive level which culminated in the idea that the international firm is better served by trying to put new services into two categories: New products/services and new market areas. The global firm structure will be tried first in the new service area called "global supply chain advisory services and logistics." This global service will facilitate the distribution of the products of global manufacturers by identifying for them the most efficient transportation methods, the most appropriate locations for distribution centers, and the beneficial tax options. The global firm will provide an array of expertise commensurate with setting up and maintaining a client's entire global distribution system. Subsequent to the development of the global firm for supply chain services, another global firm structure will be implemented to support the development of new practices in emerging markets. Relationships among firms will be more clearly articulated and the means for acquiring resources for and the systems that sustain new and emerging practices will be routinized.

The "global firm" is a further evolution of industry focus whereby relationships among the firms are even further codified and routinized. There is some routinization brought to cross disciplinary sharing of expertise as the global firm brings audit, MC, tax, and other skills together to produce a unique set of skills. The cross border sharing of resources (e.g., people, profits) exemplifies a high level of routinization of the relationships. The global firm is a significant integrative process in that the typical partnership form is fundamentally broken down or over-ridden by this global formation.

In all the GBAFs, the strategic focus on industry specialization has caused inter-firm relations to be more routinized in terms of developing and sustaining new offices that are important for serving clients within particular industries. For example, the mining focus of the Canadian firms is leading to arrangements that will allow for the development of South American offices that can further support Canadian mining clients expanding there. Developments of new foreign offices occur in different ways both within and between the GBAFs. The development of new offices has been an increasing strategic priority for Southern Corp. and Eastern Corp. In these firms, the international firm as part of its strategy and budget prepares investment commitments in such countries as China and India and then assesses the cost back to the member firms, as a proportionate share of each office's revenue. However, typically the international firms are not willing to make huge expenditures to benefit just one or two firms; this type of development will only occur when a sufficient number of member firms will benefit from the international backing. There is a trend toward more systematic assessment of the inquiries made by member firms for international funds for new office development in emerging markets. The international investment usually happens when an investment will undisputedly benefit a large number of member firms. When it is not a strategic investment for the international firm, new offices are sometimes subsidized by those firms which will reap the most benefit. These efforts vary in the degree to which the arrangements are codified and the relationships routinized.

III.2 Regional Strategies

In each GBAF, particular individuals have been given the responsibility for facilitating the integration among offices within specified regions and between other regions, in order to increase the firm's capabilities to serve global clients. Asia Pacific has been a target for regional coordination in each of the firms as a result of the tremendous opportunities for securing new clients arising out of the economic growth in the region. In all three firms, there are senior level partners who reside in the Asia region; each has the role of coordinating the Asia member firms dealing with common clients. The responsibilities of each regional partner include a some or all of the following:

1) working with the chairmen of the firms in the region, encouraging them, and assisting them in establishing and maintaining standards in their practices that are up to world standards;
2) working with the chairmen to ensure their practices grow according to the international plan;
3) making sure that each practice's outbound client work is referred into the international firm system;
4) encouraging the firms in the region to gradually develop a consulting practice;
5) ensuring the necessary discipline, technology, and methodology training is received and utilized in every office in the region;
6) supporting resource accumulation for the development of new offices in the region; and finally,
7) facilitating the human resource transfers throughout the region.

A very significant focus of the regional strategies in Asia is the development of MC practices throughout the region. The subsequent section clearly articulates how regional strategies in Southeast Asia generally, and the MC focus of those strategies specifically, have formalized various exchanges among the firms. The discussion of the various MC strategies in Asia demonstrates how regional strategies are bringing more codified, standardized, and routinized practices to GBAFs that support global client service. Clients' demands have essentially pushed for formalization of such cross border exchanges. This is seen clearly in the comments made by an Asian partner from Eastern Corp.:

> If you don't have a strong international network, if you are just strong on the national scene, right, many companies may not want to choose you, because when they come to Asia Pacific, when they come to other parts of the world, no linkage. .... Eastern Corp. has positioned ourselves by dividing the world into three, basically three regions. In the consulting side - we recognize it has to be the engine of growth, has to be the key growth area. .... For a certain type of services you can roll in on a global basis, yeah, which is what we are doing now in Eastern Corp. .... we are looking that some of the services must be on a regional basis, some of the services must be on a global basis, yeah. So the best way to start is on the consulting side. The audit and tax side, not so easy. Especially the audit side because each country the law is different. Yeah. And in each of the countries they are quite strong in the traditional services of audit and tax anyway. It has to be the consulting side yeah. Because to be successful, to have a successful consulting practice it must reach a certain critical mass so that you can then invest further in getting more experience and specialists in yeah.

The strategic shift of these firms toward new and diverse service areas (particularly increased MC capability) is perhaps the most evident in Northern Corp. where the firm has recently formed an independent Southeast Asia consulting company which began as a pilot project in October of 1993. The company has a shareholder board. It is a corporation rather than a partnership and has a shareholder board. The shareholders that comprise the company, firms in the US, UK, Australia, and seven Asian countries, are clearly articulated. The company actually comprises two structures. The first is the legal structure in which there is a holding company that does not trade. It is located in Singapore and acts like a headquarters, providing administrative support for its multiple "subsidiaries." The second is a clearly articulated management structure that supports the provision of core services through a number of industry focused business units.

The Southeast Asia regional consulting company serves a different market niche than the consulting arms at the local levels. It focuses on multinational companies operating heavily across the Asia region and across other national boundaries. The partners of the company manage only high value-adding projects in which costs are high. This regional MC company has its own staff and its own management group (many of whom come to the Asia practice from overseas).

The Asia regional consulting company is financially independent. It has one standardized pricing mechanism; no cross build up of price by value is calculated. Only when a project takes the member firms outside the region do they get into the more usual contract debates. Answers really do not matter to such questions as: Who is the prime contractor? Who is the sub-contractor? Who manages the job? Who takes the profit and technical risks? Who gets paid at what rate for doing what job? These kinds of contract debates will be further reduced in 1997 when China and Korea are amalgamated into this company structure.

The rationale for the consulting company is to improve cross border integration in order to enhance the quality of service and increase specialization. One partner explains

> The rationale is very simple. If you look at these countries in East Asia, there are different states of development. But it is a growing region as a whole. Now if we have different sets of shareholders in there, their priority to investment will be very different from location to location. But our clients, multinationals, large local regional companies who want to have the same level of service across all countries. So if they go to a country that is less developed and we can't provide that same level of service as we would in Singapore, or Canada, or in Australia then the client is not going to come to us. They will go to another firm who can provide the same high quality of service across the region. ....we pooled our financial means so we are more able to invest in terms of hiring better quality people. .... Also with a bigger market, the region as a market, we

are able to deploy our resources to a bigger market place.

The initial vision for this consulting company was to be unbeatable in terms of the level of customer service provided, the degree of career satisfaction attained by staff, and the number of proposed engagements won. Contributors also wanted the company to be unbeatable in terms of its ability to share knowledge across the region and the world. The high level of operating formalization in the consulting company is evident in the fact that it monitors itself against these criteria on a regular basis and partners can clearly articulate where the company is on each criterion in relation to its goal of "unbeatability."

The firm has similar regional MC groups in Europe and South America although neither group is as formalized as the consulting practice in Southeast Asia. The South American and European consulting practices are cooperative arrangements among separate member countries that engage in some cost sharing. The pricing mechanism is not standardized and neither the South American nor the European practice is financially independent. In both regions the member countries operate independently in serving clients; however, at the time of this research, the Southeast Asia consulting model was being assessed by the international firm. Decisions were being made as to whether or not formalization of MC should be increased in South America, Europe, and other areas of the world. The independent consulting company is perhaps the strongest example of a strategic activity that codifies, standardizes, and routinizes client service, partner interactions, and financial exchanges.

Also in Northern Corp., and specific to MC, a number of "centers of excellence" exist in particular areas of the world. For example, there is a center for plant engineering and maintenance in Canada, for total quality in London, for change management in Washington, for engineering systems in Paris, and for logistics in Chicago. The centers are called upon only for very large, complex assignments that involve international clients. Each center holds critical information and has contacts in it specialty area. Individuals from these centers provide their expertise worldwide with the consequence that common methodologies are increasingly utilized across a lot of member firms.

In Southern Corp., the strategic priority to build MC is clear:

> We are running management consulting as a separate line of business. We are running it in a Pan Asian way. It's going to be less geographically based than it ever has been before. We are taking some very aggressive steps to build a significant management consulting practice.

The MC structures forming in Southern Corp. are described as "virtual organizations." This concept for MC was first devised and implemented in this firm in Europe. At the time of data collection for this study, the concept was being developed in the Asia region. The Asia virtual organization consists of an identifiable pool of human resources, the members of which reside throughout the entire Asia Pacific Region. The chairperson of this diverse team of staff is located in Singapore and the managing partner is located in Hong Kong. These two key members of the virtual organization make all initial contacts with lead partners on behalf of all key global clients requiring services in the area. Thus, the virtual organization standardizes the way in which initial client contact occurs for large global clients and the way in which the service strategy is established. The virtual organization facilitates the identification of the best expertise for an assignment and the movement of people (e.g., secondments) around the region.

In the Asia virtual organization, each country maintains its own resources and bears the cost of its own input on a job. Revenues come by way of the amount of time spent on an assignment and depend on input and country rates. In other words, there is no standardization of the pricing mechanism as there is in Northern Corp.'s independent MC company. However, there has been recent discussion about using a standard rate based on US dollars converted to local dollars.

The Asia virtual organization structure does not support financial incentives or exchanges that overcome country by country organization unlike the independent consulting company in Northern Corp. In other words, the Asia virtual organization does not help to overcome the problems for integration arising from local profit sharing agreements couched in the partnership form.

There are indications that other regions in Southern Corp.'s worldwide firm (e.g., Canada, South America) will form virtual organizations. One interviewee also alluded to the potential for the regional virtual organizations eventually to unite:

> I think it [virtual organization concept] is a workable formula. It will be more workable if we talk about a merger of all these consulting practices in all these countries. Mind you, it is not easy even within two companies not to say 14, 20 countries. It is a good concept. Everyone is saying why don't we go the Andersen way? You know where the whole wide world is one big, happy family.

As I inquired further about the desirability of uniting the regional consulting practices, the interviewee took a less strong position:

> I think the challenge is that you have to maintain global and local. That is always a challenge because you have to trade off. The fact that people come to Southern Corp. because they realize that you are everywhere - know Korean, you know Japanese, you know Thai. If we say we are one big family - they say who are you? You are nobody. You tell me you are universal, but who is universal? So I think these are the two challenges. We are global and at the local practice.

Eastern Corp. is increasing its MC capability through its regional focus in emerging markets. At the time of this research, Eastern Corp. had only a few consultants in the Asia Pacific region aside from the people they had in Australia, New Zealand, and Hong Kong. However, Eastern Corp. had just recently decided that rather than build consulting practices in all local areas (e.g., Indonesia, Malaysia, Vietnam, China) it would build an Asia Pacific regional MC practice that would serve the region. Different from the two regional MC efforts of the other two firms, Eastern Corp. began with less developed MC practices at each local office within the region. The international firm's focus is on developing a new structure that incorporates the offices in the region versus bringing together somewhat different and more well-developed MC practices. The commitment of Eastern Corp. to regional MC development in Southeast Asia is clearly reflected in the comments of an expatriate partner just recently given the responsibility for developing MC in the Asia Region:

> Internationally, well one year ago, our international management committee in management consulting decided to have a few practices, very strong practices on a global basis. The result of what we call Project [X]. We identified three major, sorry four major areas where we should have very strong global competence in. One of them being IVS, Integrated Vendor Solutions. So this is one of the important things. It happens to be my area. So it also means that the international network is opening up really in this. Also, internationally it was said OK we are quite strong already in the States or in the Americas. We are quite weak in the fastest growing region and probably one of the most important regions and probably one of the most important regions in the future in the nearby future, Southeast Asia. So internationally, there is a very strong commitment to grow the management consulting practice over there.

The commitment to grow MC in Southeast Asia is only part of the worldwide MC strategy, begun in 1994, referred to as Project X. The initial goal was to create a focus for the diverse existing MC services and to present a consistent image worldwide to multinational corporations. The idea was to abandon marketing such a range of services and instead to develop and enhance core services. Similar to Northern Corp., one consequence of this strategy is that a number of centers of excellence exist around the world (e.g., information technology in Canada, SAP in Germany) (Archival data, 1995).

III.3 Technology

Each of the firms has, over recent years, invested in new technology in order to achieve a standard technological platform worldwide. These platforms are allowing the firms to share information, use external information, and communicate information with their clients more extensively than before.

Problem solving is increasingly a technological activity in the firms. With the advanced technology, many routines are being developed around encoding, retrieving, and using information. This is clear in the following quotation by a partner in Southern Corp.:

> Right now our processes are being designed or the technology which supports them is being designed so that collection can be almost an automatic process. People will be preparing and executing their work plans and they are encouraged by some performance measurement system to contribute back to the knowledge base, the collective knowledge base. The way the system would work is that there are a number of domains that they will attach to whatever work they are contributing back and by organizing those domains on a rational basis you should see the confidence about a particular issue, in a particular country, for a particular industry, for a particular body of risks, or related to a particular function.

Technology is informing all practices worldwide about the human resources available within each worldwide firm. It is increasingly easy for individuals to identify and leverage other individuals in the firm who have the most expertise and experience in serving a particular client or a particular industry, or who have an understanding of a particular issue. Routines are also developing around proposal notification and preparation. This kind of database of resources is allowing the firms to bid for much bigger projects than in the past.

Technology is allowing the firms to more easily pass information to clients through client servers. Technology is enabling the firms to communicate with clients on a regular basis about their present level of service and any potential opportunities to get their newest products or services to the client much more quickly. The firms are even maintaining contact with the clients while they are not engaged in projects with them. In many ways the technology is routinizing the relationship between the firm and the client and is facilitating the building of "business partnerships."

III.4 Interdependencies Supported By Formal Processes

Formal processes, to a degree, support all types of interdependencies. Interesting though is that formal processes do not stand alone; in order for formal processes to have their integrative affect they are initiated from central processes. For example, industry and regional strategies are further articulations of the international firm activities. Also, social processes support the extent to which the integrative potential of formal processes is achieved. For example, technology is an important means through which a higher level of overall integration is achieved; however, the extent to which technology reaches its potential as an integrative device has a lot to do with the uses to which it is put and that depends on things like individuals' acceptance of the technology and the training that supports it.

Essentially formal processes bring focus to central and social processes such that the integrative effects of those processes are maximized. For example, the Asia regional strategies in all three firms ensure international firm directives are carried out in the regions of increasing critical importance to the worldwide firms. Also, we see large scale changes in human resource practices in specific geographic areas; the Southeast Asia

Consulting Practice in Northern Corp. in which there is complete profit sharing within the region, is one such example. Such changes would be unlikely to work over a broader geographic space.

Interestingly, the formal processes in these firms are implemented in certain regions and for specific purposes and then are dissolved when the need for them has been met or has changed. Also interesting is that many formal processes exist in each of the worldwide firms that are globally applicable but of which many of the member firms are not aware. Formal processes are established and monitored by different centers of control or by multiple centers simultaneously. In summary, formal processes are important coordination processes in these firms but they operate somewhat differently than they do in firms where there is single ownership and a clear center of control.

IV. Social Coordination And Integration Processes

Social processes are actions and activities through which people in an organization come to hold common values that support certain actions over others (e.g., face to face interactions, training, secondments, transfers, recruitment, and appraisal processes). Human resource management practices are increasingly considered to be the most important way that socialization occurs and brings unity of effort across different groups. A whole new body of literature, referred to as Strategic International Human Resource Management (SIHRM), argues that multinational corporations can operate more effectively by implementing human resource policies and practices that are consciously and systematically linked to their primary strategic business needs (i.e., MNEs need to be simultaneously locally responsive, globally efficient, and innovative)

1993; Taylor, Beechler, and Napier, 1996).

Certainly notable in GBAFs is the tremendous change occurring in the management of human resources in light of pressures from clients for them to act as single worldwide firms. Because these firms need to increase their advisory services and MC capabilities and integrate their services to bring more industry expertise to the client situation, major changes are occurring in recruitment strategies. All of the firms are hiring people with a broader base of skills than in the past. They are tending to hire more people with industry experience and fewer people straight out of university.

Significant and obvious from the data is that all the firms are focusing more than ever before on ways to retain the people they hire because the number of people with the required expertise is becoming increasingly scarce. In the case of traditional audit, there is direct application of well-known and widely rehearsed skills. With the decreased need for traditional audit and the increased need for other types of services, the kind of skills required by the professionals come from unique sources each of which contains fewer candidates.

At the same time that the task of retaining people is increasingly important, it is also increasingly difficult. The human resource challenges in terms of competing for "specialized" resources are particularly salient for MC; these challenges are more salient in Southeast Asia than in other parts of the world:

> The biggest challenge without a doubt is actually attracting and training and keeping staff, the best staff. And the human resource problem is a real issue particularly in this part of the world where not only do you have competitors who would like to have the same resources but you've got also clients wishing to steal your resources. .... the way I look at it is that we compete really in two markets. We compete in a client market where everyone recognizes the competition. That is what people think about. But the real market we compete in is the labor market. And in a

> consultancy if you don't win in the labor market you won't win in the client market anyway, however you plan and all the rest of it. Unless you have the quality people, you won't win in the client market so the real competition is in the labor market.

Because of the differential skill bases of individuals and the limited number of specialists available, losing personnel can be very costly. This is very clear in further comments from the same partner:

> Competition in the labor market I was saying is the key thing. There is obvious challenges in keeping up to date with what part of the market is moving and what kind of resources you need, which is looking at it from the other end. Example, there is that right now the corporate world is busily renewing its computer systems and moving over from the old mainframe idea to client server type of approach which means that there is an enormous amount of systems implementation work. Well that is fine. We know how to do that. We do it. We are doing five of the big ones at the moment but while he is selling that kind of work either people aren't buying or you're not selling some of the work that you were doing last year which may well leave you with some resources stranded even though you are actually running like crazy to supply enough resource to deal with the system implementation jobs. Your supply chain management guys who were busy last year may be now stranded cause the market has moved. Now as it happens, you know part of the judgment is how long do you hang onto a set of specialists' skills and in what quantum? Is there going to be another boom in supply chains next year in which case if you let these resources go we will kick ourselves.

Given clients' demands for new services, these firms have to offer partners the opportunity to specialize. This requires increased training activities in the various disciplines. The firms have to address the differential training opportunities and standards that have historically existed across countries. Also, extensive international training efforts are taking place in conjunction with the implementation of international methodologies. These international training activities are contributing to raising the overall level of integration as numerous national offices contribute to both the development and implementation efforts.

Critical to these firms' success is the appropriate deployment of people for every engagement and the willingness of partners to share the knowledge they have. One consequence is the recognized need for more secondments and transfers. Consistent with the literature that indicates the potential for secondments and transfers to be effective means of bringing cross unit integration (Gupta and Govindarajan, 1991), we see both being used now more strategically in these firms than in the past. One UK partner describes a number of trends: People are being placed in markets projected for growth (e.g., Eastern Europe, Southeast Asia), secondary partners are being transferred to a clients' headquarters to gain broader experience, partners are moved around to learn about, or teach about, an industry, and partners are moving around to enhance their language skills. In secondments and transfers, expatriates train local staff and thereby support service quality. Secondments and transfers also support the development of future lead partners by broadening individuals' international exposure.

The need to recruit and retain "specialists" has pressured a change in reward structures. Partner recognition is increasingly based on critical events rather than seniority. In other words, recognition is increasingly based on "value-added" by a professional and on team contribution and decreasingly on positional power.

Recent SIHRM literature argues that human resource practices used in different combinations are important for achieving the level of integration across units required to deal with each set of circumstances. In other words, HR practices need to be sufficiently flexible to be drawn on and changed according to the integration requirements of various parts of the organization (Schuler et al., 1993; Taylor et al., 1996). Furthermore, human resource practices need to support not only organization development but also individual development. This requires a substantive change or shift in the application of human resource management; applying human resource practices merely to personnel management is inappropriate. Interestingly, GBAFs have little or no prior allegiance to those human resource systems that are entrenched in administrative detail around personnel management practices and that are often separate from the strategy of the company. Consequently, the firms have the potential to develop complex human resource strategies of a flexible nature. In other words, these firms have no historical "baggage" limiting human resource management options. Furthermore, drawing on ideas from Evans (1992, 1993), their partnership form seems to provide an important foundation (i.e., value reciprocity and collegial respect) for achieving the highest level of human resource integration. A high level of integration is evident when core values are applied specifically to all human resource practices. Ironically, these firms that have historically placed little emphasis on human resource management may provide insight for other MNEs in terms of aligning international human resource management practices with global strategies of multiple dimensions.

The implementation of the innovative audit methodology in Southern Corp. required substantive changes in human resource practices and provides an excellent example of the relationship between high level strategy and strategic HRM. The traditional audit process in Southern Corp. drew on a hierarchical staffing model in which many junior partners were hired, rigidly trained, and offered one career track. Alternatively, the success of the innovative methodology requires the firm to:

1) provide a more value oriented system in which there are multiple career tracks;
2) provide opportunities for people to specialize because the competencies

required in the firm are more diverse; and

3) provide rewards for "value-adding" skills. Consequently, the recruitment focus is more toward industry experience.

Fewer individuals are being hired but more work is being put into retaining those hired. Furthermore, instead of partners being measured on utilization rates, leverage ratios, and recovery rates of fees (in other words on measures that are not always accurate, are not always associated with revenues or client profitability, and are not always a reflection of the value an audit can bring to a client), the reward process is increasingly more team based with greater emphasis resting on credibility than on positional power. These human resource practice changes are facilitating the firm's ability to overcome some of the problems of knowledge sharing.

Interestingly, the new methodology draws on a previous consulting methodology implemented in many parts of the world. That original methodology was rolled out of the US by consultants in 1994 and continues to be applied in the US, Canada, and Europe but not yet in Asia. Its tenets stress looking at a business problem holistically and identifying what changes are required in terms of technology, behaviors, and business processes. The fact that the management consultants of the firm provided the core insight into the new worldwide innovative methodology raises the overall level of integration in the firm itself. This situation has increased auditors' beliefs in the competencies and contributions of management consultants to the practice overall, and thus, has increased the level of trust individuals have in each other to begin to work together. It is a unique example of individuals engaged in a process or practice for clients that the firm then adopts and from which it reaps benefits.

IV.1 Interdependencies Supported By Social Processes

Social processes, to a degree, support most types of interdependencies. In fact, the interdependencies not supported by social processes are those external to the firm (i.e., interdependencies with competitors or with other service providers). Two integrative effects of social processes are particularly important. First, social processes most strongly support tacit knowledge interdependencies; in fact, *only* social processes support tacit knowledge exchanges. Recruitment strategies that bring individuals with a broad range of skills and abilities together, changes in appraisal and reward practices, adoption of policies and practices that increase the mobility of partners across borders, and international training programs all encourage individuals to appreciate diversity of skill and understand different circumstances in various locations. An increased understanding of others and their situation through interaction builds the mutual trust and respect that allows for an exchange of experiential knowledge. And it is this kind of knowledge that holds the greatest potential for creative solutions to clients' problems.

Second, social processes, and specifically changes in appraisal and reward systems (i.e., support of "value-adding" contributions and team work), increase and strengthen the human resource exchanges in the firms and substantially strengthen existing financial interdependencies. Thus social processes significantly challenge the governance structure (i.e., partnership form) in GBAFs.

V. Integration Pressures, Responses, And Tensions

The following section provides a summary analysis of the ways in which the various CIPs identified in these firms address the pressures for integration. All of the firms' responses to pressures for higher levels of integration will be more or less successful over time depending on the extent to which the tensions raised around them are resolved. Therefore, these tensions are highlighted within this section.

V.1 Central Processes

The activities of the international firm and the roles and responsibilities of the global lead partners combine to improve quality and consistency of global service, promote seamless service across disciplines, increase specialization, and ensure more efficient and effective service to at least the group of key clients who contribute substantial revenue to these firms.

Central processes directly challenge the barriers to achieving a higher level of overall integration in the firms: The problem of dispersion and the challenge posed by the desire of individuals and member firms for autonomy and independence inherent in professional ideology and the partnership form. Clearly, the authority granted to lead partners helps overcome these problems, especially that of local profit sharing agreements. This is exemplified in the point of view of an audit partner in Southern Corp., residing in Singapore:

> So if for example, at the end of the day, I have to say to our Malaysian firm, you are not going to get fifty thousand Malaysian dollars for that work, that is unreasonable, it prejudices our client relationship. You're going to get forty thousand dollars. That would be accepted. That would have to be accepted. Even though if you were, it doesn't matter what charts and profiles and diagrams you were to draw, you wouldn't be able to build up that authority in real terms, but in practical terms that exists and it works.

There are, however, numerous tensions around the development and implementation of central processes in each of the three firms. While partners acknowledge the need for increased authority of the international firm, they simultaneously desire to maintain and protect their autonomy in their work. A partner of

British origin but residing in Singapore for well over ten years provides the following insight pertaining to the recognized need for central authority and the difficulties in bringing that about:

> I would like to think that the majority of the people within the world of [Southern Corp.], would accept that what we need is a worldwide, multinational firm with multinational direction strategies, and that we all pull in the same direction, all right? ... So the difficulties are that we have been free far too long, number one. Number two we are huge. If not in terms of the number of people that we employ and the amount of capital we have employed, but in terms of our global reach. You are sitting in the Singapore office of [Southern Corp.]. We stretch across the world and so you are stretching across cultures, across race, and against a different way of thinking in certain areas. .... Where I think we are going? I know where we are going because it is starting to be directed. I have seen literature emanating from [The International Firm] that says look you guys, like it or not, the only way that we are going to proceed is as one worldwide multinational firm. And that is the biggest challenge that [Southern Corp.] faces internally, within the next five years. .... The thing that will be difficult is that the initiative is coming from the United States. Maybe I'm wrong, but I perceive that the initiative is coming from the United States. Quite honestly, the initiative should come from the United States. It is the largest member firm. I think the United States perhaps with a number of European countries is indeed the font of the truly multinational client. .... So it is the American firm whose interest is best served by being able to demonstrate to their clients that look you guys if you got a problem with our Singapore office we can fix it. So that they have the greatest need to bring this about and they have the authority to bring it about because they are the largest firm. The difficulty will be that ... With regard to Southeast Asia, you have to appreciate that the countries of Southeast Asia are all happy and relatively recently out from under colonial rule so that Singapore 30 years ago was a British colony. Hong Kong today is a British colony. Malaysia was a British colony until 33 years ago. For the last 20 or 30 years, these countries have rebelled as a nation, or as nations, not Hong Kong of course that is coming. But for the last twenty or thirty years Malaysia, Indonesia, Singapore they have enjoyed their freedom in the national sense of the word, not in the commercial sense of the world. And more recently, as I have explained already, we've enjoyed our freedom in the commercial sense of the word also. You know nobody tells me what to do, I'm a Singaporean. Nobody in particular tells me what to do because I own 5% of this business. Any form of new colonialism, or indeed authoritative control will have to overcome nationalism as well.

There are evidently two tensions specific to the lead partner concept. First, as previously alluded to, the concept is seen by some to give preferential treatment to larger member firms. One managing tax partner from Malaysia suggests a way in which this discrepancy needs to be handled:

> ... there must be, maybe each country should put in five companies as your own jewel clients, or whatever you call it, lead clients. And then maybe there must be some sort of quota, the US should have 100... There must be some sort of table you know that each country will have certain numbers. And we have to recognize that in the US and the UK because of the economy, and for that matter Japan and Germany, will have much bigger numbers in that than say Malaysia .... So if we can come around to that, develop what the rules are.

Secondly, there are considerable tensions around the authority the lead partners should have and/or exercise. On the one hand, partners recognize the centralizing force of a lead partner, but on the other hand, many lead partners find it difficult to exercise their authority in the role. Partnership mentality, lack of managerial training and practice, and different propensities for exercising authority all create tension and ambiguity in the application of the role.

V.2 Formal Processes

Industry strategy and the subsequent formation of business units and industry groups improve quality and consistency of service, better allow for multiple services to be implemented simultaneously, and increase the level of specialization in the firm. Only the highest level of industry focus - the "global firm" in Eastern Corp. - challenges the autonomy and independence of individuals and member firms that is inherent in the professional ideology of partners and in the partnership form.

However, the tensions around cross disciplinary integration associated with industry strategies are clear in the following comments by a Canadian audit partner from

Southern Corp.:

> Our business as much as we try to operate it otherwise, tends to be driven out of different business units historically where you've got consultants and you've got tax people and you've got audits. And trying to put them together is a bit of an uphill struggle. Again, you know when people see the results of doing that, well, then they like it. When they don't see those results, they don't like it. So I guess our way around that one is we've sort of put people on teams and said "you're going to have to work with these people and you may not like it but we hope you'll get to like it." And you get to like it because you get good results.

The tension around formal processes seems to concentrate not so much on cross border integration but rather on cross disciplinary integration and most explicit in the attitudes of management consultants and auditors toward each other. Evidence of this tension is pervasive throughout the data both in the explicit and implicit comments made.

The opening of new firms as a result of industry focus improves the quality and consistency of service worldwide and supports the development of new service areas such as MC which by its nature, requires significant cross border interactions. Cross border interactions required for MC assignments are more easily accepted and even facilitated by broader trends in emerging markets (e.g., social, political trends). Opening new practices in emerging foreign markets in order to better serve global clients very directly challenges the partnership structure. The new practices either result from revenue collection and allocation by the international firm or from joint ventures by two or more firms that reap the benefits from the new practices. Both of these alternatives give rise to financial interdependencies among the firms that have not existed in the past.

The firms' regional strategies make quality services more widely available on a consistent basis, broaden the firms' service capabilities, help provide an array of services seamlessly at least within the regions, facilitate the potential for knowledge sharing throughout the world and increase the level of expertise existing worldwide. The regional strategies and structural outcomes (i.e., virtual organizations and independent MC companies) address the problem of dispersion and somewhat address the problems of professional independence and autonomy by promoting the advantages of cooperation within a region. The regional strategies - except where there is full financial interdependency - do not challenge the partnership form that impedes the firms reaching much higher levels of overall integration. Even in the case of the independent consulting company, only cross border integration is achieved rather than cross discipline integration.

Generally, the development of consulting capabilities in the firms directly addresses pressures for a broader offering of client services and increases the level of specialization. The Southeast Asia consulting company in Northern Corp. very directly addresses the increased need for service specialization. It breaks down the country by country organization which for a long time has been a barrier to the investment capability necessary to provide specialization. The consulting company has helped to overcome the problems for integration arising from local profit sharing agreements and professional mentality of autonomy and independence. Because the consulting structure has just one charging mechanism across seven borders, the old contractual debates and tensions disappear; however, these come back to play when service requirements push beyond the borders of those seven countries.

The tensions around the development of regional MC practices are of a somewhat different nature. Rather than pertaining to interpersonal interactions, the tensions pertain to the different legal and tax issues that exist between borders and make it difficult to operate regionally. A Singapore partner from Southern Corp. states:

> The different laws have complicated resource deployment - wage bills can go wonky. It is cost containment, but it is a further aspect of human resource planning. Where you locate your resource is more important than I at first had given it credit for.

This partner goes on to suggest that the basic economics of the firm's business and the different way it works with clients require a different movement of employees as compared to other companies. He suggests that the tax laws are designed with a "normal" corporate entity in mind and make it much more difficult for his company to operate regionally than it had anticipated.

Interestingly, the regional structures developed and implemented so far in these firms do not seem to create a lot of internal interpersonal tension within the firms. They seem to be processes that evolve for a specific purpose and "dissolve" when they have met their requirements or objectives.

Technology increases the quality and consistency of service by making more information available across the world, by codifying information and making it easily retrievable, and by making standardized methodologies available worldwide. It provides a communication base for higher levels of specialization to be achieved. Technology does not, however, help the firms overcome barriers to integration caused by the partnership form or problems of professional preference for autonomy and independence.

Ironically, technology has indirectly facilitated integration of partners at different levels of the firm. Younger people tend to have the technological interest and background that is required to capitalize on the technology to serve clients. This technology capability of younger people, along with the increased need for firms to have the right people, at the right location and on the right assignment has facilitated the breakdown of promotion based on positional power. Increasingly, promotion is based on individual competency and value-adding ability, with technological competence perceived as one such value-adding ability.

Despite the tremendous potential of technology to increase integration in these firms, especially in terms of knowledge, there are a number of tensions around the development, implementation, and use of technology. For technology to be really effective as it is intended, it needs to be available at the same level across the firms worldwide. Unfortunately, the implementation is at different levels at different places because there are different competitive needs in the firms. In one firm, Canada has been particularly aggressive with technology because of the desperate need for new ideas to be brought to the table due to the flat economy. Asia is not so much in need of new ideas as of people. This is not to suggest, however, that there are similarities among the Asia firms with regard to their adoption of technology. Singapore tends to be fast - in at least two of the firms - in adopting the newest of what is going on "internationally." Firms there are more likely to invest before the money is available while firms in many other countries are not inclined to take risks in this way. Differences lie in the competitive potential that exists for each firm by its use of technology; different foci for technology have varied competitive potential for the firms. For example, client service databases are highly developed in Australia but their development requires an immense amount of time that may not reap similar benefits for firms in other countries. Technology is especially useful to those firms engaged in a substantial amount of international work.

The integration potential of the new technology platforms depends on a much broader supportive infrastructure. This is explicit in the response of an interviewee from

Southern Corp.:

> We are going to need a year of full implementation in some of these knowledge based products before we can collect the critical mass of knowledge that will eventually support and enable the process further. So there is that aspect of it. The other aspect is that people don't naturally want to do this. And that is the human resources issue so we have to come up with a way that either they are contributing without their knowing it, and sharing information in a sanitized manner so that they are not, you know, giving up confidentiality of the clients and this is a huge issue. Clients do not want us sharing their practices and benchmarkers with others in their industry. And so we have to be very careful about how we classify a client and prepare deliverables and include that information for re-use elsewhere in the practice.

Tension around technology, as outlined above, includes the increasing concerns, both internal and external, about the security of information. New interdependencies are forming now out of these concerns. A variety of groups is aligning to ensure the protection and security of confidential information in the exchanges of knowledge both intra-organizationally and inter-organizationally. Southern Corp. for example, is deciding whether to create a technology department and a communications committee. This functional type of development indicates the increasing direction the firm is taking towards a more corporate form.

V.3 Social Processes

Finally, changes in human resource practices, perhaps more than any other processes, bring together different types of service providers and thus increase the level of specialization that can be provided to clients. Forming cross-disciplinary service teams, using broader criteria in recruitment strategies, developing new appraisal criteria (based on an individual's team contribution and overall "value-added"), providing global training (e.g., disciplinary, methodology, technology training), and increasing secondments and transfers all significantly raise the level of overall integration among member firms. Secondments, transfers, and global training particularly bring widely dispersed offices together. As well, reward systems based on "value-adding" abilities and team contributions break down the barriers to integration stemming from preferences among individuals and member firms for autonomy and independence in the application of skills. Social processes are potent integration devices; they work at multiple horizontal and vertical levels (e.g., cross-disciplinary, cross-level, cross-border). They are perhaps least effective in terms of supporting external interdependencies (e.g. with clients, competitors, and other PSF providers), hence the need for central processes to cultivate external interdependencies.

There are a number of tensions around those human resource practices that enhance integration. Regardless of the potential for secondments and transfers to be an effective means of cross disciplinary and cross border integration, for example, there are a number of associated problems. Secondments and transfers are easily done at the manager level but are very difficult to work out at the partner level. Local profit center firms do not want to subsidize another office by loaning them a senior level partner; the firms are increasingly unwilling to do without their "high flyers."

Furthermore, the impact of secondments and transfers on one's career path is unclear. One view is that they enhance a person's skills and abilities and therefore his/her potential within the firm. Consistent with this view is that secondments involving international experience make an individual invaluable. There is another view: Secondments often result in the firm losing partners. There are indications, both within the archival and the real-time data for this study, that indicate that partners sometimes return from secondments and find there is no longer an appropriate level position member firms. Secondments, transfers, and global training particularly bring widely dispersed offices together. As well, reward systems based on "value-adding" abilities and team contributions break down the barriers to integration stemming from preferences among individuals and member firms for autonomy and independence in the application of skills. Social processes are potent integration devices; they work at multiple horizontal and vertical levels (e.g., cross-disciplinary, cross-level, cross-border). They are perhaps least effective in terms of supporting external interdependencies (e.g. with clients, competitors, and other PSF providers), hence the need for central processes to cultivate external interdependencies.

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> In some ways it has been difficult to come home because I have been re-introduced to the hierarchy not based on personal credibility but on the positional power. And it is difficult at times because you can see several examples in our practice where the competence of lower level people is actually higher and better and more valuable to the firm than those who have the position power to make decisions. And we have to correct that.

Further to this is the firm's struggle with its inefficient use of secondments and transfers. The primary problem lies in the time it takes to make a secondment or transfer happen, given the number of people who must agree that their interests are served by the exchange. Many of these tensions around are illustrated in the words of one Canadian audit partner who, over time, has become increasingly concerned with the low level of expertise available in South America for his mining clients and with the firm's inability to get the expertise there:

> There's a big mining community in Toronto and in Vancouver which is where the capital markets are and those mining companies are increasingly looking to South America, Central America, now Africa as well, for their investment opportunities. So as we serve these clients. Once they have operating mines, they are very frequently in parts of the world--in fact Central and South America is a good example-we have a number of clients with operations there. Where the business community is not as well developed, it is different from what we're accustomed here and consequently, the professional services firms operate somewhat differently than they do here. For one, technically, they don't have knowledge of Canadian or US accounting principles, or at least not as well developed. .... But there's also significant cultural differences--the kind of responsiveness that our clients expect of us here--you know I get a phone

> call--if I don't respond within 2 hours to an important client, then they're back on the phone where is he? In a lot of South American countries, they are used to responding in 2 days and that is entirely unacceptable to a North American company. So they don't have, often times, the technical knowledge on accounting and securities regulatory matters up here. Often times responsiveness, sometimes language--often language. In a lot of these countries it's an issue; and certainly knowledge of the mining industry and the issues you need to do a mining audit for example, would often not be had locally because they just don't have a whole lot of mining experience. .... our international firm has clearly recognized that in our particular firm's circumstances we do not have sufficient resources in South America to meet the growing needs of our international clients with operations there. That's an important first step--a recognition issue. .... So the recognition is there--actually doing something about it becomes a little more difficult. We don't operate as one large international partnership. We have a tax partner in our office that we have, again, we were approached, again, to try to contribute someone on the tax side in particular. There is a real need--so we got a partner here who's interested in going who's been down there a couple of times interviewing and he has been working for the last six months on trying to negotiate an arrangement satisfactory to all concerned--and all concerned includes the international firm, the local firm, the regional head, himself--because it's a complex package where everybody has to get something in--but that's been six months of dragging feet and we're going to get to a point soon where the initial momentum and interest is going to quickly wane. All of that is to demonstrate that it is very very difficult, notwithstanding good intentions on everybody's part. There is a lot of issues in moving a partner level person down to a country, outside of their own country period unless it's more the way the Americans have done it which is we want you to go there to continue as a partner and we're going to pay you. That's a little different. That's the way we handle managers. That doesn't happen so often. Partners make a fair bit of money and it's hard to justify continuing to pay all of that out of one practice when another practice benefits.

A number of human resource problems fade in situations where the profit sharing arrangements have evolved so that they no longer acknowledge country by country organization. For example, when member firms pool resources across practices (at least within regions) larger, more challenging, and more rewarding projects entice partners to join and stay with the firm. Partners are more likely to share knowledge under these arrangements rather than to horde it within their local area to protect their pay. Firms are more likely to support their local expertise going somewhere else if they still reap the direct benefit of that person's input into the firm.

There is resistance to new human resource practices that challenge the partnership form and professional ideology that has served the auditors and the audit function well for a long period of time, and in many situations still does. The more conservative partners (mostly auditors) with positional power fight hard against the push for substantive change. An interviewee from Southern Corp. too emphasizes the difficulty in HR change in the firm and suggests there is a cycle that seems to occur: People first deny the need for change; eventually they begin to engage in the change; then they get fearful about the change when it gets difficult; they become angry about the need for change; then they get depressed and lethargic about the change; and then they tend to move back to a stage of denying the need for change. It is a vicious cycle of tensions that requires managing.

VI. Summary Of Interdependencies And CIPs: "Fit" With The Conceptual Framework

It is clear from the data that the most important interdependencies in GBAFs are knowledge interdependencies that allow the firms to meet clients' increasing demands for value-adding service and specialization. Related to the firms' need to creatively bring together and use knowledge, external interdependencies (i.e., with clients, competitors, and PSFs) are increasingly important interdependencies. These two types of interdependencies are essentially fueling changes in, and determining the nature of, other interdependencies; the required knowledge interdependencies are pressuring the firms to intensify financial and HR interdependencies.

The data indicate that central and social processes are the most critical processes in these firms at this time because they essentially uphold the knowledge and external interdependencies that are important to long term viability. The international firms are trying to provide the broad high level infrastructure for knowledge exchange and thus are:

1) producing strategies and devising roles and supporting guidelines for global client service;
2) supporting technology enhancement that facilitates knowledge exchange;
3) devising human resource policies that support knowledge exchange;
4) insuring full and appropriate use of knowledge; and,
5) creating policies to protect firm knowledge;
6) protecting clients' confidentiality in the exchange process.

At the level of client service execution the lead partner plays a critical role in knowledge exchange and in raising the overall level of integration within the international firm. By virtue of the lead partner's role in insuring that a client gets the best possible advice, s/he becomes a "hub" around which client service revolves. The lead partner is ultimately responsible for locating and arranging the right resources for the client and for insuring those resources (across all disciplines and geographic areas) are adapted to the client's changing situation.

The lead partner role is also the important central process underlying external interdependencies. The role requires the lead partner to create and maintain a "business partnership" with the client(s). S/He makes the decisions about when and with which external bodies (competitors and other PSFs) the firm will forge agreements to better serve the clients. The activities of the lead partner result in a unique integrative process in which cross-border, cross-disciplinary, cross-firm, and cross level linkages are formed; no other process has the same potential for raising the overall level of integration.

There are limits, however, to the extent to which these central processes can support knowledge exchange in isolation from other processes. The data collected support the idea that different coordination processes support different knowledge types (Hedlund, 1994) and that the lead partner role supports the acquisition and dispersion of tangible knowledge in articulated form, but central processes alone do not support tacit knowledge exchange among individuals and member firms. It is social processes that are required to support tacit and experiential knowledge interdependencies. Broader based recruitment strategies, new deployment strategies, global training efforts (technology and methodology), and new reward systems based on "value-adding" contributions are processes that break down biases and prejudices held by individuals against one another. As a result, an environment of openness and trust is fostered that facilitates tacit knowledge sharing. These evolving human resource processes again support cross border, cross disciplinary, and cross level linkages. However, unlike central processes, social processes do little to support external linkages.

Interestingly, stronger resource interdependencies are being driven by clients' knowledge requirements. The data clearly show that central processes (especially the lead partner role) are critical to resource interdependencies; the lead partner is particularly important in supporting human resource interdependencies. The more complex the assignment (e.g., the greater the number and diversity of tasks, the higher the knowledge requirements, the greater the dispersion of offices), the greater the need for centralizing processes. Because the critical mass of expertise is located in multiple locations, central processes are required to locate the different knowledges throughout the world and bring them together. The provision of value-adding, specialist type services requires access to and transfer of the right people to the right location for the right job at the right time.

Also seen in the data is the importance of social processes (i.e., changes in human resource practices) for human resource interdependencies. People do not cross borders easily, even with lead partner dictation, nor do they share knowledge easily until there is sufficient appreciation and understanding of one another and/or there are financial incentives attached to doing so. Therefore, broader recruitment strategies, alternative career paths, global training efforts, and secondments and transfers that allow for increased understanding and changes in reward systems (i.e., financial reward for value added and team accomplishment) all support the achievement of a higher level of overall integration.

Traditionally in the firms, it has been the profit centers associated with partnership form which has constrained movement of human resources. The data indicate that the knowledge requirements of clients have pushed firms sufficiently into knowledge interdependencies that can only flourish with changes in financial interdependencies. Unlike other interdependencies, which are supported to a degree by each coordination process, financial interdependencies among offices require central processes. For example, it is through the mandate of the international firms that member firms either pay a portion of their revenue to the international firm for subsequent allocation or are brought into cost sharing arrangements for international initiatives. Similarly, through the authority granted to lead partners, fees are sometimes dictated to member firms across borders. In other words, these central activities that are directly and indirectly focused on increasing knowledge exchanges in the firm are simultaneously challenging or breaking down governance form. It is apparent that an intricate relationship exists between knowledge interdependencies, and financial and HR resource interdependencies. Likewise, central and social processes are mutually supportive in upholding and balancing these interdependencies.

To this point, I have seemingly relegated formal processes to a lesser role in supporting overall integration in these firms. It is not so much a lesser role but rather a different role. To suggest a lesser role is especially unfitting if we look at the role technology plays in supporting various interdependencies; technology simultaneously supports:

1) service interdependencies;
2) human resource interdependencies (i.e., facilitating the identification of potential human resource combinations for a particular client's problems);
3) methodological resource interdependencies (i.e., making standardized audit methodologies available worldwide in each of the firms); and,
4) articulated knowledge interdependencies.

Furthermore, technology supports these interdependencies along a number of dimensions: Cross-border; cross- discipline; cross level; and cross-firm. The limitation of technology lies in its inability to facilitate tacit knowledge exchange, in fact, creating barriers to such exchange.

What makes technology a unique process that is so different from central and social processes of coordination? Its effectiveness has much to do with individuals' and member firms' acceptance and use of it and with a number of externalities (e.g., broader societal infrastructures) that then differentially support technology. As discussed previously, there are a number of tensions around technology that can easily undermine the intentions behind it and lessen its effectiveness as a significant integration mechanism. In other words, in itself, technology is not a useful integration tool; yet, as a supportive integration process alongside central and social processes, technology is invaluable.

Other formal processes (e.g., industry specialization, new practices, regional strategies) seem to play integrative roles different from those of central and social processes. Formal processes bring focus to interdependencies, in other words, high levels of integration can best be achieved within restricted boundaries. For example, a high level of integration is targeted toward a certain scope (e.g., management consulting), a specific purpose (e.g., industry specialization); or a specific area (e.g., Asia region). These formal processes provide a way of "binding" the critical interdependencies (i.e., knowledge, financial, and HR) and the supportive processes (i.e., central and social) to ensure the integrative impact. For example, industry and regional strategies (manifested in MC divisions and regional structures) are like field sites for critical interdependencies and supportive processes to have their greatest effect.

The specificity of formal processes in terms of financial interdependence is illustrated in the operation of the financially independent consulting company in Southern Corp. The company supports intra-region profit sharing but does so in terms of MC work only. The specificity of these formal processes is also seen in their support of HR interdependencies. The formation of business units and industry groups enables people from different practices to rely on one other for building industry and other specialist knowledge bases. Within these formations, central processes (i.e., lead partner role), recruitment strategies, deployment strategies, secondment and transfer options, and new reward systems are given a hearing or are utilized for the benefit they provide to the individual situation. In short these formal processes are somehow "solidifying" the social and central processes by making them more concrete and effective where they are needed for the period of time during which they are required. The theoretical argument here is that central and social processes, for the most part, can successfully bring about the required level of overall integration required. There are times, however, when situations (e.g., specific clients, specific regions) warrant the formalization of these processes in order to reach the desired level of integration.

Unlike the other processes, formal processes are intentionally applied and maintained for a while but are then "dissolved," as described by a partner from the international firm of Southern Corp.:

> Well there were three regional directors but we are down to two now. We are basically collapsing the regions again because we have addressed most of the major problems. So we are going from a geographic organization more to a functional organization. So my counterpart in South America is still there in this position. He will be there for a bit longer and this will be collapsed as well. You'll find that we keep changing these organizations. They keep evolving. In '93, we decided we needed that to focus on some major issues. We had issues in South America. We had issues in the former Soviet Union. We had issues here in Asia. And so we put a guy in Buenos Aires. I came out here. We put a guy in Amsterdam to look after the former Czech republic and former Soviet Union and those kinds of things.

On the one hand, this is not what one would expect given that formalizing requires considerable development time, effort, and resources all of which need to be monitored and are hard to resource. On the other hand, it seems to be the way in which the firms create "sticky spots" (tight integration) in "slippery spaces" (i.e., within a broader context where tight integration would be a barrier) (Porter, 1997 Academy of Management Lecture).

In summary, through description and analysis of central, formal, and social processes in these firms we learn that these processes and their relationships with the various interdependencies are complex. The interdependencies are not independent of one another. For example, knowledge interdependencies are increasingly central to these firms' long term viability. This is congruent with the shift from audit to more diverse value-adding services. As clients' knowledge needs become paramount, other interdependencies (e.g., financial interdependencies with competitors and other professional service providers) become more critical and more commonplace.

Each of the CIPs, although described as a certain type (e.g., central, formal, or social), has qualities of the other types. In other words, an action or event increasing the level of integration may be simultaneously a central, formal, and social process because each process has a number of dimensions. For example, the international firm (i.e., a compilation of its activities) is clearly a central process of coordination; however, many of the activities are concrete, codified (i.e., described in strategic documents), routinized, and monitored while others are clearly not. Also, many of the international firm activities serve as social processes of coordination.

In this study, all processes support all the interdependencies to a degree. Clearly, however, central and social processes are mutually supportive processes which strongly encourage the critical knowledge interdependencies. It is likewise clear that processes which support certain interdependencies may evolve over time and, in fact, may change in relation to each client. This idea is examined in the next chapter.

Each of the processes discussed (i.e., central, formal, and social) lies on a continuum. The process continuums are different than those we have come to understand from looking at the corporate bureaucracy. In other words, what constitutes a central, formal, or social process in these firms is not characteristically the same as these processes as we recognize them in the corporate bureaucracy. To simply align specific processes with interdependencies or to suggest that a portfolio of processes can be defined to insure MNE effectiveness (Bartlett and Ghoshal, 1989) ignores the complexity and multiplicity of processes and the evolution that has to occur for these firms to successfully serve an array of complex clients. The most fruitful way to proceed is to acknowledge the complexity inherent in global service, identify the factors that necessitate certain processes, and then ascertain whether there are any patterns in those processes.

CHAPTER FIVE
FACTORS AFFECTING COORDINATION AND INTEGRATION PROCESSES

The conceptual framework for this study, derived from the literature on international coordination and integration processes (CIPs) (Bartlett and Ghoshal, 1989; Hedlund, 1994) and on professional service firm management (e.g., Aharoni, 1995; Greenwood, Hinings and Brown, 1990, 1996; Greenwood, Hinings, Cooper, and Brown, 1996a; Greenwood, Rose, Brown, Cooper and Hinings, 1996b; Lowendahl, 1997), highlights the potential importance of task, context, and history for CIPs in Global Business Advisory Firms (GBAFs). The purpose of this chapter is to describe the salient factors identified in the data that impact CIPs in the three GBAFs investigated in this research.

The chapter comprises four sections. Section one describes two client factors that affect CIPs: 1) the client's service and knowledge needs and, 2) the client's reporting and operational structure. Section two discusses how country context produces certain CIPs. Although these firms have attempted to de-contextualize their global client initiatives, the data indicate that differences between emerging and developed country contexts (i.e., economic, political, professional and cultural/ideological differences) have implications for central, formal, and social processes. Section three describes the origin of and pattern of growth in each international firm. The data indicate that these two aspects of each firm's history affects the way coordination and integration occurs. Section four discusses the saliency of each of these factors in producing certain processes.

I. Client Factors

Past research establishes that the nature of the task impacts coordination and integration. However, this literature assumes that task definition lies within the organization, and it assumes the task is unidimensional. This prior research acknowledges the affect of various environmental factors on tasks and processes but does not acknowledge the role of the organization/customer relationship in defining the task. Therefore, this literature does not acknowledge the affect that relationship has on the processes required for effectively completing the tasks. It is clear from the data that CIPs in GBAFs depend on the nature of the service task, but every task is largely defined by the client and only on rare occasions is the task unidimensional. Although the clients play a prominent role in defining the task, there is an interactive and ongoing relationship between the firm and every client that affects both the present and future tasks the firm undertakes and thus affects CIPs. The second client characteristic that affects CIPs is its reporting and operational structure. The influence of these two client characteristics on CIPs is discussed in detail subsequently. Further to this, the data suggest that different categories of clients (defined, in part, by their service and knowledge needs and their structures) may be best served when a particular array of CIPs are used. Therefore, substantive discussion occurs around that idea in the last sub-section of this chapter.

I.1 Clients' Service And Knowledge Needs

The data indicate that the service and knowledge requirements of the clients affect coordination and integration because different services (i.e., audit, tax, management) are better supported by different processes. Before reviewing these service differences, the reader must be cognizant of the fact that in this dissertation generally, and this section specifically, I highlight audit/accounting and management consulting (MC) services at the expense of other services. I also discuss audit and MC as distinct services when clearly the two services are not distinct. In fact, ongoing re-definition of the audit and accounting task is taking place in these firms at this moment lessening the distinction. The business of GBAFs is being re-defined in light of the diminishing returns from the traditional audit and accounting practices.

Despite the larger repertoire of services found in GBAFs and the obvious overlap of the two services, discussing them as distinct, and focusing on the relationship of one service to the other is legitimate. It is clear that the two services leverage business from one another. The more macro perspective of the management consultants provides useful information to auditors. The large client base established by auditors provides potential entry points for management consultants. Organizing in ways that the two practice areas gain leverage from another is likely to positively affect a firm's long term potential. Further to this, the appropriateness of focusing on each service task independently, and then in relation to one another, lies in the long term implications for the accounting industry specifically, and for the whole professional services industry generally. These two services evolve in relation to one another. Following from this, the first sub-section describes the audit task and the relationship an auditor has with clients. The second sub-section describes the MC task and the relationship a consultant has with clients. The third sub-section then describes how these two tasks make certain central, formal, and social processes more or less important.

I.1.1 The Audit Task And The Auditor/Client Relationship

Audit is basically recurring business. Although the demand for audit is not increasing as it once did, it is still more consistent than consulting work. Audit is required by law, has specific statutory reporting requirements, and is not threatened by economic downturn to the same extent as management consulting. In other words, audit opportunities come to the firm and a team is subsequently assembled to service the client. The work is fairly reactive. The audit/accounting task requires little diversity in expertise. Relatively speaking, it is easier for a single audit methodology to be applied worldwide than it is for a management consulting methodology. The audit is essentially a product that can be easily taken to the client and easily replicated in small markets.

The auditor/client relationship is one in which the auditor often gets the client through a legal process, attempts to help the client save money, and does not expose the client to risk. The relationship is most often long term. The client is seen on a frequent and regular basis with the auditor becoming very familiar with the micro-level activities of the client. The criteria for client satisfaction is more easily defined for audit than for MC so the client's perceptions of the outcome are not critically important for attaining future work. Consequently, there is little need for auditors to try and shape clients' perceptions. In short, the client's experience of the relationship and the client's perceptions of the process of how the job got done count less in bringing about the next assignment. However, auditor/client relationships of this nature are becoming more strained and less frequent as audit becomes more and more a commodity and clients want more "value-adding" services.

I.1.2 The MC Task And The Consultant/Client Relationship

The MC task is project based. It is cyclical but not regular. Assignments most often range in duration from one week to 10 months. According to many interviewees MC work is usually discretional rather than legally mandated and is therefore more susceptible to economic downturn. Continuity of work comes by way of "call backs" for another assignment usually of a different nature.

The MC task usually requires a wide array of skills and expertise. It is difficult for the firm to acquire the relevant experience for the existing array of client problems. The expertise and experience of professionals cannot be easily replicated in small markets. Management consulting work is most often proactively sought; usually won in competition, and often involves initial investment by the firm, up front. Management consulting is far less regulated than audit, hence, even broad methodological consistency is tough to achieve. There is little guarantee of a minimal level of expertise within the business and therefore, reliance on colleagues is somewhat less in the case of audit service. Differences in consulting terminology compound the problem of consistency. Furthermore, the MC task often requires a number of linkages with external providers (e.g., suppliers of systems technology).

The management consultant/client relationship is one in which the consultant proactively seeks the engagement and sells a "solution" or an opportunity. The consultant often identifies very expensive opportunities for a client and exposes the client to some level of risk. The management consultant/client relationship is relatively short in duration, the contact is less frequent, and the client is understood more at the macro-level than micro-level.

I.1.3 Implications Of Client Defined Tasks For CIPs

There are many substantive differences between the audit and management consulting tasks and the respective firm/client relationships associated with doing those tasks that have implications for CIPs. One of the most critical differences is that the skill base for audit exists similarly worldwide while a major problem for MC is in attaining the critical mass of expertise capable of providing the service in every location. The diversity and high level of expertise required for MC requires a more complex array of CIPs. This is clearly seen in the following example in which a MC partner in Malaysia describes Northern Corp.'s need for different processes that will better support the client demands:

> We were very much structured on the traditional model of consulting which had as its sort of context, its historic links with the accountancy practice. And that model was very much a country by country model. It would run profit and loss accounts. It would run all of its processes and would run all of its management policies very much dictated by country. .... So what has tended to happen is that the statutory needs of accounting have then got reflected into the management accounts in the way that management accounts runs its business and that has always been country by country. That model was causing us some severe problems four years ago. First of all the problems it was causing was its inability to respond to client needs. And there were two client needs that were coming through very very deeply. First of all there was a deep need for specialism. Our clients just took for granted almost that we would now provide industry specialism. It wasn't even a differentiator. As far as the customer was concerned, that was a basic need and a requirement from their side. Operating on a country by country basis meant that we didn't have the investment capability to be able to provide all specialisms in all the countries. Even if we could afford it, we probably wouldn't find the people. There wasn't the quantity of people to be able to provide that level of specialism country by country. The second thing: our clients were asking for was a much higher degree of consistency. They expected there to be a much better transfer of knowledge - consistent approach to consultancy. If our multinational clients were operating in Indonesia, in Malaysia, in Singapore, or in Hong Kong, or any country they expected to see the same style of consulting from our firm. They expected to see the same levels of quality and they expected to see the same levels of specialism. So there were tremendous pressures on our particular company and I think in all of the Big Six firms, quite frankly, to move away from the traditional model. So we were set up, three years ago, very much as a pilot within [Northern Corp.] to almost start with a clean sheet of paper. Forget the old model all together and just come down here and try a new model, a completely different model from the sort of model that has always been developed in the past.

It is clear that more complex CIPs are required for MC tasks and a higher level of overall integration must be achieved. Management consulting tasks require such CIPs because of the:

1) number and broad base of knowledge interdependencies required for them to attain the level of specialization the clients need;
2) large number of external relationships that need to be managed;
3) low level of trust among consultants given the diversity of skills employed and the lack of professional guidelines;
4) partners' needs to manage clients' perceptions and to impress them in order to gain future work; and
5) relatively short time frame in which the partners have to prepare, win the proposal, and complete the project.

Strong knowledge and external interdependencies are more critical to the success of a MC task than an audit task. As such, MC tasks raise the importance of central and social processes of coordination.

Partner interaction and partner mobility are key to achieving the type and degree of knowledge exchange that needs to occur for a MC task to be successfully completed. Consequently, human resource (HR) practices that support the mobility of people are crucial. The more specialization the clients want; the more knowledge exchange has to occur; and the more important it is that partners interact and become mobile. Specialist knowledge requires high level HR practices. High level HR practices (i.e., strategic recruitment, deployment, and retention strategies, career management strategies, transfers, secondments, global training, appropriate appraisals) reign over any other processes for supporting tacit knowledge interdependencies. No other processes have the same potential to foster tacit knowledge sharing. Human resource practices, appropriately applied, bring about common understanding, develop trust among people, and break down the learned biases people hold of one another across borders and/or disciplines.

In terms of formal processes, technology facilitates locating expertise in the worldwide organization, increases the efficiency and effectiveness of the proposal process, and improves information flow internally and externally. However, technology only supports articulated knowledge. The only other formal process that really supports the kind of knowledge interdependencies required by large sophisticated clients are those that break down country by country organization (e.g., the independent consulting company in Northern Corp., the global firm in Eastern Corp.). Only when profit sharing boundaries are broken down, can tacit knowledge sharing flourish.

Furthermore, the more specialization demanded by clients, the greater the importance of external interdependencies with other service providers, and the greater the importance of information exchange with the clients themselves. The lead partner role is central to supporting these interdependencies

Understanding that specialist knowledge requirements need central and social processes raises another important question - What are the most important processes required when audit and MC services are provided to a client simultaneously? In other words, what processes support the individual tasks and simultaneously ensure cohesion of the overall service provision? The data suggest that the various coordination and integration processes overlap one another. This overlapping of processes occurs in relation to the complexity of the clients' demands. One Canadian audit partner from Eastern Corp. alludes to this in his comments:

> There is a phrase that is being kicked around at the moment that says we become what we measure. And until now, what we measured is our audit

> practice and tax practice and management consulting practice. We want to measure ourselves differently which means we are going to structure ourselves differently because the market is telling us that's what they need from us. The market is telling us they don't need an opinion and nothing else anymore. They need a lot more. And that is why we are going through all of this. So if you overlay the complexities locally with a multinational situation, you can see how complicated this gets.

The most concrete example of overlapping processes is seen in Eastern Corp.'s "global firm" whereby all usual boundary distinctions (i.e., discipline, geographic, profit sharing) are broken down to serve a particular type of global client that cannot be serviced properly within the firm's usual structures and processes.

The overlapping of processes is seen at a broader level (i.e., industry level) as well. Clients often demand that their service involves a number of different professional service providers. A Canadian audit partner from Eastern Corp. describes the increasing coordination demands:

> One of the real challenges we have had in coordination is joint venturing with other firms. ... Back when this entity was formed, as I said, there was effectively three types of advisors they wanted. Financial/accounting, all sorts of stuff, legal, and technology. We had a very good relationship with the senior members of the Board and so on. At one point, they asked us and we considered to be lead, say we'll be advisors and we'll sub-contract all the other people. They effectively wanted that. They said "we want one person, one organization to come to." .... So a long way to answer your question in terms of coordinating work, the challenge there is not just within Eastern Corp., it's within these other types of advisors. That's the real challenge. .... There's a set of skills there that we have some, and our human resource consulting and our pension and actuarial, the lawyers have some in their industrial relations legal--probably not the technology people. So sorting out between the lawyers and ourselves what we are going to do, what they are going to do, is an aspect of that engagement that's very difficult to manage.

In summary, the data indicate that client's service and knowledge needs (defined by the client in conjunction with the service provider) impact CIPs. Multiple, diverse, and complex knowledge tasks require extensive knowledge interdependencies that are best supported by central and social coordination processes. Central and social processes are mutually supportive and together are key in bringing about the high level of overall integration that is required.

I.2 Client's Reporting And Operational Structure

The data also indicate that the client's structure is another important factor that affects CIPs. The client's reporting structure - the extent to which financial decisions are centralized versus decentralized - and its operational structure - the extent to which its operational decisions are centralized versus decentralized - both impact coordination and integration. Furthermore, the data indicate that the client's reporting and operational structures have different implications for the audit and accounting task and for the MC task (i.e., reporting and operational structure is more critical for the audit task than the MC task).

The importance of the client's reporting and operational structure for coordination and integration of an audit task is clearly seen in the following examples. An audit partner of Eastern Corp. in Singapore implies the firm's success with a particular client lies in the firm's ability to mirror the client's structure. The client is a bank that recently moved its functional leaders to different parts of the world. A regional partner role developed in Eastern Corp. to accommodate this client's change. The partner states: "We have a lead partner, we have global partners. ... Each to mirror the structure of our clients." What is evident in this case is that the firm's line of responsibility was changed to reflect the clients. For legal purposes, the regional partners were added on. The partners' belief in the success of mirroring the client's structure is further seen in the following:

> ... the lead partner role is very easy to understand. How that applies in practice I think depends on each client. We have to mirror our responsibility along the responsibility shape of the client. If a client controls everything out of head office, right, and works on a location by location basis, then the same old story, lead partner, head office engagement partner at each location. If we have a client that works differently like in this instance, where in addition, to location they break up the activities and have different heads responsible for different activities, then we just have to mirror the client. .... The responsibility line is very important within the organization. How their reporting structure is normally is how we would mirror our service to the client. .... We can't have too many black and white rules you know. ... We just got to mirror the service team to that of the client.

The idea that mirroring the client's structure is particularly important for the audit task is supported by an audit partner from Southern Corp. in Singapore who says the firm's problems in service result from not mirroring the client's reporting structure:

> [Company A] expect me to be responsible for the work that we do within the region, not just in Singapore. That is the way that [Company A] is structured.....OK. [Company A] also has in Singapore its regional headquarters and the regional headquarters of [Company A] is responsible for everything but its exploration activities in the rest of Southeast Asia. So [Company A] structures itself in such a way that its, and indeed, everywhere else it is retail because the only refinery they have in the region is in Singapore. So it is retailing in Indonesia, Hong Kong, Taiwan, Malaysia and Thailand and Vietnam is the responsibility of [Company A] senior management in Singapore. Now its my responsibility, this you might find interesting -- our London office are responsible for the overall audit and engagement work that we perform all over the world on [Company A] our London office. In so far as I am concerned, they delegate authority and responsibility to me in Singapore and Malaysia. In so far as the client is concerned, they expect me to have responsibility and to be able to talk to them about the very larger sphere that I mentioned to you. But the other countries that I mentioned to you, report directly to London and not to me. They have a dotted reporting line to me which causes a difficulty for me. Because I go along to a VP regional meeting, and they say, "hey we would like you to tell us about the crisis we are having in Vietnam at that moment," and I wake up very quickly and think to myself, "Christ what crisis."

At the time of this interview, the firm already had meetings scheduled to move the firm towards more regional coordination to better match the client's structure. The partner describes what he feels is the intent of the upcoming meeting:

> I think it is [The Firm's] London's recognition [the meeting] that we must restructure the way in which we serve our client globally to suit Company A's demands. Because we are out of kilter with Company A, our structure as I mentioned already, is out of line with Company A's structure and therefore we can't cope with Company A's structure until we change our structure. The alternative is that I turn up at these meetings and I say to Company A "Don't ask me about Thailand, Vietnam, Myanmar because I know nothing about them at all because I don't have a budget from our London office." And they are going to say, "that is your problem not ours." All my responsibility as far as Company A are concerned - not my responsibility as far as the other offices in this region are concerned. London the same. The same dotted line to me and straight line to London. So again, if I was attending a meeting with Company A, they would complain to me about our tax services in Vietnam and I would be left looking like a fool because I don't know anything about our tax service.

A Canadian audit partner from Southern Corp. describes the extent to which the firm's ability to mirror a client's structure is critical for successful service says:

> I would go so far as to say "dictates." I mean, a client, you know, when we are doing proposals to gain new work, one of the things that a potential client looks for is how we are structured and how we will restructure ourselves to fit their needs. And it is almost a dictate. We could not service a group by Company X unless we had reconfigured our whole service approach to drive it from somewhere else.

Another Canadian audit partner of Southern Corp. explains the importance of clearly assessing who the client is and organizing specifically in relation to that assessment:

> Our clients are the international organization, not the head office. So it is unfair to just count on corporate office here to tell us what they want. Because where we execute is with a different level or layer of management. And it is them that we really have to address in the context of our organization. .... I mean you have to, in order to serve a client like this, you have to organize around the way that they are organized. And that means that we need teams where they do business and also where they have functions where they need the reporting and execution. .... There are four regions but it is also some shared service organizations that operate on an international basis and they are also not necessarily residents of Vancouver. So we need teams to serve those as well. .... But the real

> power in their organization isn't necessarily at the regional level. It is right down to where the mine is because in this company small is beautiful. The people that operate the mine directly are the ones with the power, so you have to be responsive to that organization.

Interestingly, the data indicate that an audit client's reporting structure is often reflected in the way the client drives fee negotiation, and this impacts the firm's internal coordination and integration processes. The data suggest that a client with both a centralized reporting and operational structure is likely to try and manage the total fees paid worldwide from the top. Under these circumstances, the lead partner usually negotiates a worldwide fee with the client's head office. The lead partner is then likely to dictate to each of the member firms the fee the firm will get for serving the client. The lead partner is also apt to demand that s/he be involved in decisions about additional services being done in the different locales. From an internal firm perspective, therefore, serving highly centralized clients has the greatest potential to cause conflict among member firms.

Fortunately, the more usual scenario is one in which the client has a centralized reporting structure but a decentralized operational structure. In such cases, it is most usual for member firms to negotiate fees at the local level and then provide these fee estimates to the lead partner. In these cases it is also usual that the lead partner has little involvement in the additional services being provided in the local areas. This scenario has at least two consequences. The positive result is that there is less internal conflict around fees. The negative result is that locations doing similar kinds of additional services or having the potential to do similar things are less likely to exchange ideas.

The data further suggest that aligning the firm's organization with the client's organization goes beyond the obvious financial reporting and operational lines. For example, a Canadian audit partner from Eastern Corp. suggests that there is a need to respond to the client's internal dynamics. In other words, firms must somewhat manage clients' personal agendas. This requires some central control not necessarily in terms of fee negotiation or the more obvious issues, but in terms of timing interactions, meeting individuals' expectations, and having the "right" people on the job to interact with the "right" people in the client's organization. In the interviewee's words:

> When I try to understand a client and what it really means to the client, I have to look at what it means to the enterprise: what it means to the function, what it means to the individual. Because winning to the individual may mean something considerably more or different from winning to the organization. Hopefully there is a rough alignment for the sake of the stakeholders. But from the point of view of providing service for an organization, if you are only addressing the enterprise's interests and not the individuals' interests, you may not get the opportunity to provide as much service to the enterprise.

Around the importance of the client's structure and processes for coordination and integration of the audit is the idea that the client's perception of adequate structure to deal with its issues is more important than the "real" structures. This is shown in the following reflection:

> But when you get to the international structure, yeah, you've got to have the guy who's sitting there in Germany, he has to have someone to talk to from the firm who can deal with his needs and that means they [referring to the partners of the firm] have to be operating to some level, at least, with the same structure. And again it doesn't have to be exactly the same from the client's point of view. It probably needs to appear the same. It doesn't necessarily have to be exactly the same.

In MC, the type of clients a firm serves (i.e., the compilation of client profiles) has major implications for the way in which overall coordination and integration occurs. A Canadian management consultant explains:

> If we're focusing on Fortune 50 companies or we're focusing on the middle market or focusing on entrepreneurial services, those are entirely

> different client requirements, different fee structures, different levels of experience and expertise, etc. So much of what we do is driven by the niche that we're shooting for and I think that the firm's largely targeting large global companies like Fortune 100 companies that are global in structure and diversified in nature which means that we will have to match that somehow. So I think that's big -- if we change our strategies completely and we say that we really just want to service non-profit organizations and service entrepreneurial organizations that are trying to emerge and grow rapidly, then we would look very differently than we do.

At the specific task level, the array of coordination and integration processes for a MC task must reflect the nature of the project more than it reflects the specific reporting and operational structure of the client. The client's reporting and operational structure impacts the organization of the MC task only when the client structure is so highly centralized that decisions about going ahead with various aspects of a project are delayed and human resource deployment problems arise. However, in both task circumstances, it is clear that the successful provision of service comes from organizing in relation to the characteristics of the client rather than by taking the firm's internal organization to the client. In this way, perhaps the GBAFs are becoming "masters" of organizing relative to other types of MNEs. These firms' competitive capabilities lie in their ability to organize themselves in response to multiple clients.

I.3 Client Categories And Appropriate CIPs

It appears from the data that clients with certain service and knowledge requirements and who are structured in certain ways may be best served by a particular array of CIPs, while other clients with different service requirements and structures will be best served by a different array of CIPs. One can thus infer from the data that it may be possible to identify a number of categories of clients. Each category will have a set of characteristics that largely dictate the ways in which the member firms depend on one another, and therefore, could earmark the CIPs that will bring about the best service. This is alluded to in the following insight provided by a Canadian interviewee who had just returned to the Canadian practice after having spent three years on the international committee responsible for devising the worldwide innovative methodology:

> In order to implement this [innovative methodology] properly, most of the member firms will have to address infrastructural, organizational issues and allow their practices to be organized around the market however the market may define them. And I don't think Southern Corp. is prepared to commit to saying that is by industry, or by any other fixed domain. There are several domains that can constitute a market. Some of them are value. For instance, we have clients that no matter what kind of value is being delivered, they can be sorted almost on the domain of what kind of value pricing range they are looking for. There are those that are concerned with who does the work more than they are with what they get out of the process or how it is done. There are clients that are more concerned with what gets done rather than who does the work or how it is done and then we have another board of clients that say they don't really care who does it, or what they get, but they want us to do it on weekends and nights when they are not around. So you know you can almost sort your market by a value driver that relates to those characteristics, or you can sort it by size of client, by geography, by industry, or by any rational segments defined along any lines that you set. One of the problems with industry is that it creates industry aggregate giants like manufacturing and financial services when, in fact, there are several sub markets associated with each one of those giants. But it is clear that more industry expertise is needed to support an industry defined domain and so what we have to be able to do is organize along several domains in several different ways and be measured appropriately. It is an interesting problem.

Given this reality, an important challenge in these firms is to identify the CIPs that are more critical than others for the different categories of clients and the various possibilities for any one category of client. One category of client is similarly depicted by each of the three firms. The clients of this category are diversified, have significant global reach, require multiple services and cross disciplinary integration, and expect efficient and effective service despite their worldwide breadth. Most often, they have centralized reporting structures and decentralized operational structures. Although there are only a few clients in this category, they are very lucrative and thus are a strategic focus of each firm. These clients invoke many complex interdependencies that require the support of a number of coordination and integration processes: they require the firm to attain a very high level of overall integration. The approaches and challenges in serving such clients are seen in the following three examples. An Executive Director in Northern Corp., residing in Singapore, describes his firm's approach:

> So part of the motivation for setting up this organization that we've got was that within the individual markets Singapore, Hong Kong, Malaysia, Thailand none of those markets in themselves was big enough, certainly not a few years ago, and wouldn't be for a few years, and maybe never really to carry the range of specialisms you needed to service the kind of clients that we look for which are the big multinational organizations, the big national organizations. And what was happening was that in order to make the thing even remotely commercially viable, the practices in this part of the world were having to go after small clients who are much less profitable and that kind of work goes in a vicious cycle because that meant that they couldn't really afford to pay to get the best people and in any case, the work didn't attract the best people, which took you down another round of the spiral. And on you go. And so we decided you had to put the whole lot together in order to make it a decent enough unit that could actually respond to the rest of the world.

In Southern Corp., the strongest international initiative to service these clients comes out of the audit practice and is described in the following way:

> The whole international initiative started as a result of what we perceived to be changes in the market place, both internationally and domestically. And the firm realized that we had an audit product that a lot of people, they didn't want to buy it because the traditional approach which was similar to what all the firms were doing, it didn't allow us to differentiate ourselves in the marketplace. So, at any rate, the problem was that we had a product that wasn't helping us differentiate in the market. The whole series of audit products being offered turned into a commodity and so suppliers were really being chosen based on price. That was a very very poor price for any CA firm to have to pay because we had diminishing returns and we had a mature market and so we needed something that we could help the market appreciate the value of the work. And in order to do that, we needed a new series of products, based on the value drivers of the market.

Clearly in the above example is the idea that new services require different CIPs. In Eastern Corp., the "global firm" is the newly evolving structure designed specifically to address the needs of this type of global client. A Canadian audit partner describes Eastern Corp.'s initiative:

> I've been fairly involved in the last months in trying to set up--and I don't know how much you know about Eastern Corp.'s structure--but a global firm within Eastern Corp. to provide certain services. We are a federation of national practices and so at the end of the day if I have two things to do--one that will help the Canadian firm by a factor of one and I could spend that same hour by helping [Eastern Corp.'s International Firm] by a factor of two, I'd say, most of us will say one because one is going to cause me to have more money and have more rewards in a short term. We all acknowledge in the long term we shouldn't be doing this, but when it comes down to the crunch and you only have so many hours in a day or so many dollars in the bucket that we have to divvy up, we tend to lean this way. That's where we've been. The other thing, in my judgment, [Eastern Corp.] is uniquely skilled at, or placed at, is that we have very strong national practices. We know the business community, we know the marketplace, we have good connections with our national clients. What has been happening, in part because of globalization, national clients don't exist as much anymore. They are global clients. They are providing their services around the world and they want to deal with suppliers that provide services around the world. Our federated structure doesn't work very well for that ...

These three examples depict the different ways in which higher levels of integration are being achieved for this particular group of clients. The firms are developing separate structures that bring unity across firms in a region and then linking them. These selfsame structures - whether driven regionally or globally- are evolving without the firms entirely giving up the structures which serve local client interests.

What is clear from the data is that coordination and integration is occurring in response to client demands and client characteristics, and possibilities for coordination and integration for any category of clients are numerous. The ways in which coordination and integration actually occurs depend on contextual factors (i.e., economic, political, cultural, legal, social circumstance) and the history of the firm (i.e., international firm origin, growth strategy). These two factors make some CIPs appropriate in certain situations while not in others. As such, these factors are the topics of the subsequent two sections.

II. Contextual Factors

Inherent in the international strategies of the three firms is a tendency - conscious or unconscious - to ignore local firm contexts and push for universal adoption of global service approaches across different locations. This is explicit in the following remark by a Canadian audit partner of Southern Corp.: "The notion of consistency on a worldwide basis is great but it is an ideal and not reality." A Canadian Regional Office Managing partner in Eastern Corp. describes the global technology situation like this:

> There's some real practical problems in terms of application. The educational standards are not the same, the training is not the same. You've got language barriers, there's huge technology barriers .... I mean there's a real economic issue in some countries as well. So there's a real - there's a gap between what you assume you can do and what is realistic. So you have got to start making compromises and that's a frustration, that's a difficulty in managing engagements because you make assumptions about things that you would think are simple to do because of the environment you're working in, but are actually quite difficult to work once you get outside of the sort of the, I don't know, the G7, the North Americanized countries, you get into a whole different world.

In the data for this study, the impact of country context on CIPs is most evident in the contrast between emerging and developing countries. This impact is borne out in the contrasts between the economic, political, professional and cultural/ideological dimensions of the three country contexts. Consequently, the following sub-section describes the economic, political, professional, and cultural/ideological context of

Malaysia (an emerging economy) and then discusses the implications of that context for the way coordination and integration of services occurs. The second part of the section examines the similarities and differences between the emerging economy of Malaysia and the developed economy of Singapore and describes the implications for central, formal, and social processes in both contexts. Finally, this section contrasts the "growth" economy in Asia generally with the relatively "flat" economy in Canada and again discusses the implications for central, formal, and social processes.

II.1 Malaysia An Emerging Economy: Implications For CIPs

Malaysia is characterized as one of the emerging "tigers" in Southeast Asia with a lot of potential to be an important global economic player (McKee and Garner, 1996). The engine of its economic growth to date has been the strategic choices made by the Malaysian government since the mid 1980's to support high technology and other service industries. As part of that strategic direction, there has been financial commitment to improving the infrastructure for high technology and service expansion. The government is improving telecommunications, developing an international airport, expanding sea ports, and completing new expressways to support continued expansion.

Further sustaining this economic direction, are the recently made commitments by the Malaysian government in relation to GATs. As part of the 1995 World Trade Organization meeting, Malaysia has committed itself to liberalizing a package of service industries (business services included). Further commitments to liberalizing services are expected in the year 2000 (Mei Ling, Abidin, and Heng, 1996).

The government's commitment to the expansion of services is critical to the linkages Malaysia has relied on to date and will have to rely on for its continued development. There seems to be some ambiguity within the country regarding how far reaching Malaysia wants its linkages to be; some ambiguity around the nature of the linkages they want to attain; and some anxiety around the speed at which they want to attain these global linkages.

Despite this ambiguity and anxiety, whatever linkages are sought are ones supported by the kinds of services offered by the international accounting firms. According to McKee and Garner (1996), this gives international accounting firms in Asia the special status of "major catalysts in the economic expansion." (p.146). The potential impact of the international accounting firms in Malaysia is even greater than in other emerging countries in Southeast Asia because the firms have penetrated state and regional centers thereby creating the potential for both domestic and international gains.

Despite the political commitment to service expansion in Malaysia and the potential opportunities for international accounting firms, Malaysia's context poses a challenge for serving global clients, especially within the organizational parameters so far established. What is clear from the data is that some central, formal, and social processes that support global client service are more or less effective for raising the overall level of integration depending on the contexts of the countries involved in the service. For example, along with the growth opportunities in Malaysia, the accounting firms face tremendous resource limitations which significantly affects the way coordination and integration occurs. One partner states:

> Many of us in the developing countries in the emerging markets - because of so many businesses going on - there is a tight labor market scenario. You cannot even cope with the demands and the needs generally speaking of the audit and tax client with sufficient staff.

Client poaching in this environment creates further resource problems and consequently affects on coordination and integration. One MC partner from Southern Corp. in Malaysia describes it this way:

> We have a very good economy right now, tight labor market. A lot of clients like to offer us, I mean I just lose one director for instance last month. They are working on a job. The client say "well this guy is quite good." They start paying him the fees I offer him. There is a tendency in Malaysia that clients tend to poach your staff. And we have to accept it. It is better to lose to a client than lose to somebody else.

Further contributing to the shortage of human resources are the lower salaries and fee rates in Malaysia relative to most other countries. Malaysia has the lowest fee rates among the Asean countries. Consequently, there is high turnover in favor of countries with higher salaries and fee rates. This reality keeps human resources too low relative to the demand for services. The firms' resulting focus becomes immediate, practical and somewhat modest. The Malaysian firms then have a somewhat different perspective of global client service - their need for global service opportunities is different and they usually have less to gain monetarily from servicing global clients.

Implicit in the comments of many partners outside of Malaysia is that the lead partner role affords him/her control over all foreign offices doing referral work because s/he ultimately decides whether the foreign offices get the work or not. One partner states:

> I certainly have the responsibility. Do I have the authority to command somebody down there to do something? Probably not. That hammer that I would have over them is I have control over whether or not they get the work probably, in most cases. So if they want to work on a subsidiary of my client they better meet the expectations of me and the client.

Canadians assume that referral work is desirable. However, in Malaysia referrals are not as desirable as some partners from other countries believe. In Malaysia, where audit and accounting work is still increasing and at worst stabilizing, the partners are in much less need for referral work. The lower fee rates in Malaysia mean global involvement often causes them to spend time on less lucrative work that is ultimately out of their control. It is less desirable work. Partners from Malaysia often feel pressured to take global referrals with dictated fees coming from their North American and European colleagues who most often head up the global engagements. However, Malaysian partners are often frustrated that they are asked to cut their costs only because the home office in North America is suffering red ink. Often they get saddled with doing an audit for three to five years at a lower rate than what they would have bid. The frustration of partners in Malaysia with colleagues who do not understand these economic differences is clear in the following comments by an audit partner of Northern Corp.:

> I mean we know very well that the UK because of the situation in the past - they had a rather protected period of economic slowdown - they have been experiencing a lot of fee constraints. Not only are they not expected to have fee increases, clients are asking them to cut in order to be more competitive. At the same time, especially lets say this last eight to ten years, we in this region have got no problems about getting fees because of the growth in the economy. All right, but in a top down sort of approach right they [foreign lead partners] were looking at the group of fees and saying "OK I expect a 10 percent reduction." And it would be in their interest to just say "OK, everybody is expected to have a 10% cut." But what we are experiencing in this part of the subsidiary of theirs is actually growth. And therefore perhaps lots of work. So it becomes a very very nutty situation.

The situation in Malaysia is worsened by the fact that there are mandatory requirements for every company to be audited and there are often additional local reporting requirements. The Malaysia Institute of Accountants and the Malaysian Association of Certified Public Accountants, together, govern the accounting and auditing practices in the country. They sanction the International Audit Standards and the International Accounting Standards they feel are appropriate for use in Malaysia. This approval process involves a time lag (McKee and Garner, 1996). These realities often are not understood by foreign lead partners and appropriate financial compensation for additional work is not often provided. Partners in Malaysia are often at a further disadvantage to large firms in more developed countries because they are less likely to benefit from the additional work that may come with a "loss leader" audit. Management consulting assignments often occur either at the client's headquarters or where the client has its most substantive operations.

Furthermore, when the lead partner role is reversed - meaning the global client is headquartered in Malaysia making it the lead firm - the Malaysian lead partner often does not get cooperation from her/his colleagues from the larger member firms. Interestingly, in two of the three GBAFs investigated in this research, the lack of cooperation from the Hong Kong firm was mentioned more than once. The primary complaint of the partners in Malaysia is that Hong Kong and other larger firms simply refuse to do work that does not meet their standards for remuneration. The rationale is that the economic and political situation in Hong Kong makes their local and regional focus so lucrative that they opt not to provide rates that Malaysian clients will accept. The guiding principle of the lead partner concept is that s/he can impose fees. However, none of the firms had explicit and suitable processes of recourse for the Malaysian firms to use to rectify the problem of non-cooperating firms. In fact, one Malaysian partner when asked about the potential recourse he had in order to gain better cooperation from Hong Kong (i.e., support from the international firm) replied that it was one of the non-cooperative partners of the Hong Kong office who was the regional partner who had the responsibility for elevating problems to the international firm for discussion. Clearly then, Malaysia's problem with Hong Kong's fee rates would not be one of the issues raised!

As a consequence, when Malaysia plays a lead role and their foreign colleagues' rates are too high to justify to the Malaysian clients, the partners from Malaysia work with non-member firms in Hong Kong, or feel justified in doing the work themselves despite "crossing the border." In other words, partners weigh the different fees rates and the alternatives for providing services across the various borders (i.e., geographical proximity, knowledge capability) which could affect the way service is provided. However, the audit partner describing this scenario makes it clear how uncomfortable most Malaysian partners are with going outside of the firm. He states:

> ... I think we have to subscribe to certain basic principles in life. Some basic principles in life. When a guy goes to a country I think we should do everything possible to get our other offices to do the job. Just like when those guys come to our country, we don't want the French characters or the Canadian characters coming over here to do the audit, surely we don't. .... Even if the expertise exists, I mean I'm talking in terms of Malaysia going to France, even assuming we have the expertise to do it I wouldn't do it. .... I would only do it as a last recourse because things just cannot be worked out at all. Because the basic principle of being part of [Eastern Corp.] is you know we are suppose to be supportive of each other. .... The moment you breech that then we will all be flying all over the world. That is not going to be healthy for anybody in the long run.

Formal processes of coordination and integration are also impacted by Malaysia's emerging economy. For example, the Malaysian context makes the speed with which the firms adopt new technology less critical than in other countries. On the one hand, the infrastructure improvements have coincided with the economic development in Malaysia to make the best and most recent technology available to the Malaysian firms. On the other hand, with so few MNEs in Malaysia there is a lack of lucrative opportunities in serving global clients. Therefore, the speed at which the Malaysian firms commit financial resources to implementing and effectively using technology is significantly less than in firms in many other countries. A partner from Southern Corp. comments below on the different rates at which technology implementation occurs:

> I think Canada has been more aggressive than the other firms have and they needed it from a competitive standpoint. The Canadian economy is flat it is not going down. So you have to compete very different in a market that is flatter and shrinking. So you bring in every new idea to the table quicker. Here you have economies growing anywhere from 8 to 15 percent per year. The constraint in Asia is not coming to the table with new ideas, it's coming to the table with people. Can you get enough raw materials? This is where the North American profession was in the 70's when you couldn't find enough bright people...

A consequence of insufficient human resources to meet client demands is that the Malaysian firms are not as able to fully implement industry focused strategies nor engage fully in national and international industry committees. And the development of the profession in Malaysia is somewhat less evolved than in North American and European countries. McKee and Garner (1996) describe the relationship between economic growth and the growth of the profession. Understanding this relationship provides a basis from which to understand coordination and integration differences among the countries in this study:

> As economies expand, standards for reporting accounting and financial information to governments and to the public seem to become increasingly codified. Accounting related accouterments and infrastructures expand. The numbers of accounting practitioners and their educational levels tend to increase. In the public accounting sector, partnerships are formed or expanded. Accounting professional associations are organized and increasingly developed at the kca, national and international levels. The professional body of knowledge expands. Accounting education takes an ever-increasing sophistication and complexity. Government regulation, either direct or through professional groups, becomes more exacting. Licensing of public accountants seems to become necessary and more difficult to attain and maintain. (p.27)

The downside of Malaysia's lesser developed profession is that partners attain lower fee rates, professional standards are incongruent with international standards, and partners have less status with clients. However, a potentially positive side of the less well-established audit and accounting profession is that there may be less of a foothold by auditors in the firm and thus fewer tensions around the development of new practices within firms. The Malaysian context supports regional strategies and the development of new services (i.e., management consulting); the rapid growth and optimism in the emerging economy creates a readiness for new things. Furthermore, the need for human resources in Malaysia creates a non-competitive internal environment and thereby increases the potential for a higher level of integration across disciplines. Limited resources cause them to unite across practices areas and borders to gain the necessary resources to serve regional or global clients. Further to this, there may not be the negative relationship history of auditors and management consultants that creates barriers to collaboration in solving clients' problems.

It seems highly possible that Malaysia's sometimes less than enthusiastic response to global referral work and their simultaneous eagerness to focus on internal and external regional development are linked to the broader cultural/ideological position which is conducive to new international linkages of a particular type.

II.2 Singapore A Developed Economy: Implications For CIPs

Singapore is a virtual city state that has essentially no resource base. Similar to Malaysia it has experienced tremendous growth over recent years. Singapore has strongly encouraged manufacturing export and has made explicit attempts to gain foreign direct investment in a number of manufacturing industries. Its growth is attributed to non-resource based industries. Much of its success has to do with developments in the financial services sector. Their commitment to growth in services has made them effective in creating strong linkages with wealthy nations. Singapore's linkages have made it a strong regional center for a number of neighboring countries. Many regional and multinational headquarters are located in Singapore. Unlike Malaysia, the cultural/ideological position in terms of internationalization is clear. The goal is for Singapore to continue as an international hub (McKee and Garner, 1996).

The Singapore firms, relative to other firms in Southeast Asia, have a stronger international presence within their worldwide firms. The firms in Singapore have clear international intentions. The partners very quickly adopt international guidelines from the international firm and become extensively involved in more international client service because of the companies locating there. This means that the Singapore firms are more cognizant of and directly engaged in the activities of the international firms. For example, the Singapore firms have representation on many international committees which drive the international strategies of these firms. Also, because of the growing number of companies establishing regional and international headquarters in Singapore, the firms are likely to reap the benefits of full participation in global service because they are just as likely to be lead partners as secondary partners. In other words, they experience reciprocity in the exchange of resources to service such clients. The implications for coordination are clear in the following quotation:

> Now when I have the responsibility for parceling out those fees, I have to be fair to the various countries over a long period of time if I want to get good service. I can't get the bucket of gold in San Francisco and put pennies around the world.

Interestingly, however, when the direction of the interdependence is reversed (i.e., Malaysia is the lead firm) there is less incentive for larger firms to care about investing time and/or energy.

The Singapore context provides the firms with an array of lucrative regional and international options which deters the firms from handling less lucrative Malaysian clients. Because of its different context, Singapore is one country that the Malaysian partners struggle with to gain cooperation; they often have problems getting Singapore to provide services at acceptable fee levels to their Malaysian clients.

In terms of formal processes, Singapore's context makes it a perfect hub for regional firm strategies. Similar to Malaysia, the Singapore context makes the firms ideal centers for developing new practices (i.e., management consulting). The data indicate that the strongest MC efforts are coming out of Southeast Asia offices with centralizing forces for these efforts operating in Singapore in two of the three firms. A consequence of this is that we see tremendous focus on changing HR practices to better support the delivery of new types of services - at least within the region (i.e., independent consulting companies, virtual organizations).

The implications of new service development may be quite extensive. The development of expanded services provides the Asian firms with the opportunity to impact a wider range of endeavors, many in the domestic domain. This leads to potential work with government and a subsequent opportunity to more directly impact the economy. McKee and Garner (1996) state that the opportunities for GBAFs in Asia are almost limitless, and their potential to support the world economy is considerable. Any constraints for the international accounting firms in any country lie primarily with the nature of the clients located there. Consequently, the direction of the accounting firms in Singapore relative to Malaysia, and perhaps most places in the world, is presently unconstrained providing that the nature of their clients remains the same.

II.3 Canadian Context And Implications For CIPs

Canada, although a developed country like Singapore, is easily differentiated from Malaysia and Singapore in that its growth rate over recent years has been approximately three percent compared to Asia's nine to twelve percent. There are a number of coordination and integration implications that arise from this. First, human resources are not in such short supply as in Asia. Alternatively, there are concerns as to whether there is enough work to go around. Canadian partners usually delight in any referral work coming to them from around the globe.

Similar to the Asian context, the Canadian context has supported a movement toward management consulting type services. In North America, the percentage of fees from audit/accounting work has been continually declining while the percentage of fees from management consulting services has been continually increasing. In some cases fees for management consulting have almost doubled since 1987 (Greenwood et al., 1996a). Given the "tight" competitive Canadian context, however, fears around sustaining one's "turf" are high. In Canada more than in Malaysia or Singapore, partners made negative remarks about their colleagues from different disciplines and about those colleagues' contributions. Clearly a negative historical relationship exists between auditors and consultants. Such attitudes may undermine cross disciplinary integration efforts. There is some sense among management consultants that now the auditors/accountants are willing to work with consultants because the revenue potential increasingly lies in the MC areas. The consultants primary question seems to be: Where were you guys when we needed you? In Asia that same "baggage" in the relationship either does not exist or was not made apparent[3]. Although cross discipline tensions were witnessed in Malaysia and Singapore, they were of a different nature. The tensions were more around the newness of the practices and their relationship to one another. The Canadian tensions seemed to lie more around individuals' historical understandings and misunderstandings of one another.

By focusing on the contextual differences among countries, we recognize that central processes do not support firms' international involvement in emerging and developed economies in the same way. Opportunities to employ strategies laid down by the international firm are not as readily available to smaller firms. The authority inherent in the lead partner role is less accepted when employed by partners in smaller firms. Formal processes supporting international integration, (i.e., industry strategies) are more suited to developed countries with sufficient human resources. Regional strategies and other strategies focused specifically on the development of new practice areas have more potential as integrative processes where the development of the profession (e.g., the status of the accounting profession) is somewhat less. Social processes - specifically HR practices - which align with strategic initiatives for developing new services are witnessed more in the faster growing economies of Malaysia and Singapore rather than in Canada. Having examined the affect of client factors and country context on coordination and integration processes, the next section describes the affect of firm history on CIPs.

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[3] The possibility exists that cultural differences in terms of partners willingness to disclose their feelings about colleagues might account for the findings that partners from Asia were less critical of their cross-disciplinary partners. However, the finding seems more easily accounted for in the broader historical context of the development of the two groups.

III. Firm History

History is a multi-dimensional construct. It can refer to a firm's national origins, pattern of growth, longevity, historical success, client relationship history, event history, or administrative history, to name only a few. In this study, two aspects of firm history have important implications for coordination and integration: a firm's national origins and its predominant growth pattern. Firm origin in this case is specific to the establishment of the international focus of the firm. The purpose of this section is not to do an exhaustive analysis of the history of each of the firms, but rather to discover how the origins of the international firms and their growth patterns, along with client factors, and country context, produce certain CIPs. This section is divided into three sub-sections. Each sub-section discusses the historical origins and growth pattern of one of the firms and the implications its history has for CIPs.

III.1 Northern Corp.

In Northern Corp., the origins of the international firm lie in three founding members, the UK, US, and Canada. Early in its origins, firms contributing 25% of their total revenues were automatic members of the international organization. There were initially seven members. Nine more members were added to increase the geographical coverage. There was an executive committee of nine members to deal with territorial developments, international funding arrangements, strategy, committee reports, and membership issues. There was an array of about fourteen committees, each comprising members drawn from around the world. The costs of the committees were borne primarily by the US, UK, and Canada, and somewhat by Australia. Initially, there was no charge back mechanism for international activities.

The international network in this firm was built up by these founding firms taking responsibility for setting up and controlling operations in defined areas of the world. For example, the UK had responsibility for Europe, Africa, the Middle East, as well as Hong Kong, Singapore, Malaysia, and Thailand. The US and Canada had similar responsibilities in different areas of the world. Each of the founding member firms identified an individual to be a liaison partner within its jurisdiction. The liaison partner became a partner of the other firm as well as remained a partner of his/her original firm. With the increased risk of the founding member firms being sued as a result of actions taken at the other firm, these liaison relationships began to subside in about 1993.

Prior to 1973, Northern Corp. was an international partnership. The firm's gradual shift to association was for risk management purposes. The firm was described as an "ill-defined association" at best. Despite the change to association, there were still litigation problems across borders so the firm drew on legal advice, assessed its options, and chose to establish a Verein. The Verein is a limited liability incorporated entity. Switzerland is the home of the Verein. The international firm is thus incorporated and member firms sign up to be a part. The Verein has accounts that are audited; it is registered; and it provides protection, but it is restricted from conducting commercial activity. It is essentially a working organization in which members agree to do things a certain way. The initial rationale for the Verein was to define the relationship of firms to one another; provide a recognizable structure (i.e., standard guidelines, training); and provide a vehicle for strategic investments. Essentially, the formation of the Verein imposes a corporate structure on what the firm does with really minimum changes to partnership form or its association heritage.

In 1989, there was an international funding task force created because of the adhoc nature of obtaining resources for international activities. In 1992 the firm introduced a means for firms to pay a levy which is then utilized for international marketing, product development, methodology, or for standard operations.

Different from the other two firms to be discussed subsequently, there is no physical presence to the Verein. The chair of the international office is filled by a partner from the US firm for a period of time, and then subsequently by a partner from the UK firm. The individuals reside in their national firms. The data suggest that there is little congruency in the activities before and after these role transitions.

This firm's origins in the UK and US, and its growth through association have a number of implications for coordination and integration. There is a strong "we eat what we kill" attitude and incentive system (i.e., local profit sharing) that is more blatant than in the other two firms. Decentralization, or autonomy of the member firms is by far the greatest in Northern Corp..

Despite the establishment of the Verein and the development of the chair role for the international firm, Northern Corp. has trouble gathering resources and undertaking many international initiatives. More specifically, this firm has problems with developing offices in emerging markets. The "eat what you kill" attitude arising from the firm's origin in associations - versus the other firms' patterns of acquisition or internal growth - constrains the development of long term initiatives.

Animosity among individuals between locations; between disciplines (i.e., audit versus MC); between levels (i.e., partners versus non-partners); and between functions (i.e., client versus administrative/management roles) was most apparent in this firm.

Interestingly, the greatest tensions seemed to be cross disciplinary and the animosity was more noticeable in Canada than in Southeast Asia.

Finally, coinciding with the transitory nature of the chair position there is considerable leeway for the role of the chair. Potentially his/her interests are served at the expense of global interests. Priorities are given differential treatment over the transition. Perhaps because Northern Corp. has no identifiable and consistent headquarters, fewer interviewees in this firm than in the other two firms could articulate the role and strategies of the international firm.

Interestingly, Northern Corp. has very strong regional development in Asia, specifically in terms of MC. Clearly, the initiative and resources for it are UK based. The extent to which former liaison relationships account for this is not clear, but this firm's UK origin and growth through association is congruent with the way regionalization is occurring. Also interesting is that in terms of audit, the Asia region in this firm is taking more radical steps to reduce cross border, cross functional, and cross level (e.g., partner versus non-partner) barriers. Again, it seems feasible that the UK aspect of the firm's origin and its growth through association (i.e., UK was overseer for Southeast Asia) is a potential influence.

Growth through association and its implications for international coordination and integration are seen in the following quotation in which the partner describes the firm's method of enhancing coordination with South American offices. He describes how problems are handled:

> Only through big brother in the United States. There's a partner in Miami who's responsible for all of Latin America and when I can't get action out of someone I phone this guy [Peter] and say [Peter] I'm mad at so and so. They're not performing. And miraculously I get a phone call from the

person in South America shortly thereafter. So there is that sort of coordination.

Finally, it is interesting that partners in Northern Corp. did not tend to directly link their clients to their colleagues across borders. Clients in one location were often only told of how to contact colleagues in other countries. Sometimes a partner will contact his/her colleagues overseas to inform them of the potential visit of a client, however, relative to the other two firms, minimal effort is put into ensuring clients stay with Northern Corp. as they cross borders.

III.2 Southern Corp.

The international firm in Southern Corp., located in New York, arose in 1989 out of a merger between two large federations. One was a loose federation with US dominance, and the other was a somewhat tighter federation with strong US and UK dominance. The merger was done for at least three reasons. First, the merger provided better geographical dispersion. Second, the division of market shares was spread over the market so there was the expectation of complementarity. Third, the merger enhanced the firm's potential for investment in technology, knowledge, and equipment that could support specialist services.

This international structure initially comprised an international council of about twenty people that represented the major firms. There was an executive partner who carried out the instructions of the council. He had no power beyond that. At the time of the initial merger, three regional structures were immediately developed to bring about a higher level of overall integration in order to provide better quality and more consistent service worldwide.

Since the merger, there has been continuous effort to strengthen the international organization so that it operates as "one firm worldwide." The structure has evolved significantly just in the last one and one half years. It now comprises a CEO at the top of the international firm who reports to a council. This person has similar powers to a CEO in other MNEs. Under the CEO, there are three deputies that are seconded and report to him/her. Essentially, 100% of each deputy's time is devoted to responsibilities within the international firm; the three deputies have disciplinary responsibilities (i.e., audit, tax, MC). In the past, individuals' responsibilities were determined by geography rather than discipline. Now individuals of the international firm have a contract for a specified number of years. There is a review process, and a change in personnel if his/her work is not adequate. The council has ultimate decision authority over the positions. The council is made up of chairpersons of domestic practices. This change in the structure of the international firm has pushed the firm to operate more like a conventional MNE and has made integrating the member firms easier.

The increasingly central approach in Southern Corp. is not entirely new. For example, for a number of years partners of Hong Kong, Malaysia, and Singapore were partners of each other. There were 70 partners across the three locations that shared in profits. These three firms comprise about 90% of the regional presence. There was regional cohesion brought about by a regional senior partner who had the responsibility to strategize on a regional basis and ensure that the member firms operated on a regional basis. In 1990, the regional partnership was abandoned when the regional partner at the time retired and the three partnerships took the opportunity to not replace that person. One partner from Singapore describes the situation:

> We all concede that the best way to serve multinational clients is if somebody, somewhere, had the authority to tell us what to do, provided

> that person is good at what he is doing. That doesn't always fit in our own best interests or our likes and dislikes.

A Singapore partner representing the international firm suggests that the circumstances of the 1989 merger have allowed a federation to develop to the point that it is now so tight that he believes the member firms may be linked financially within the next two to three years. He claims trust among individuals in the firm has continually developed since the merger in '89 and suggests other unique circumstances will make it possible to have a worldwide firm soon:

> What we have seen is this federation get incredibly close to the point where they could be financially linked worldwide in the next two to three years. So we are just, it's moving that way, its moving because of trust and relationships that have been developed since '89 when we merged these two huge firms. ..... It is some things that [Southern Corp.] has done. It is some things that partners in charge of countries have done. It's also been a generational change. Of the top 25 countries, I think at least 20 have new managing partners in the last couple of years. So new people are willing to be more aggressive and try something different. They don't need to protect what has been done in the past, to keep the status quo.

A partner in Canada at the managerial level of Southern Corp. suggested that the firm clearly does not operate seamlessly but indicated his support for this happening, as well as his optimism that it would happen. Relatively speaking, there is the most consensus among the interviewees in this firm about the direction of the international firm. Most people believe it is moving towards a single profit sharing worldwide firm, and essentially all individuals spoken to for the purposes of this research believe it will happen.

Similar to the other two firms is that the lead partner concept emanating from Southern Corp.'s international firm structure is central for bringing member firms' efforts together to serve large global clients. More convincing in Southern Corp. than in the other two firms is the idea that the designated lead partner has the authority to dictate to all the other member firms how an assignment is to be handled and that authority is accepted. Interviewees frequently made reference to the lead partner concept, knew the responsibilities of the lead partner and accepted the authority inherent in its application. More than in the other two firms, interviewees felt there was recourse for uncooperative behaviors.

Also in Southern Corp., there is stronger pressure for cross disciplinary integration from the international firm than in the other two cases. Disciplinary integration is essentially driven from the top (i.e., New York) primarily through the implementation of the new innovative methodology. This is the largest international initiative ever taken on in the firm. Technology and human resource practices supporting the methodology are also being conceptually driven and monitored from New York. Given the amount of internal growth and US dominance in this firm, it is not surprising that we find the strongest systematic global technology initiative among the three firms. Also more evident in Southern Corp. than in the other two firms is a highly centralized training approach out of Cleveland, US. There is a multiple phase training effort supporting the standardized innovative methodology for better serving clients. More generally there is a "train the trainer program" based in Cleveland that supports any new international initiative and facilitates integration.

In Southern Corp., there appears to be a push to re-define audit and, in so doing, amalgamate aspects of what have been MC practices. Audit is being done through the innovative methodology approach. It is clearly an audit initiative to bring the required expertise to the table for global clients. Auditors' descriptions of the initiative suggest the need for and openness to both management consultants and other professionals joining forces to support clients. Alternatively, management consultants and tax people are aware of the initiative but know little about their association to it and have yet to be impacted significantly by it.

Although international commitment to long term investment in new offices is not as well established as in Eastern Corp. - to be discussed subsequently - clearly there is an increasingly central thrust from the US firm toward developing new practices in emerging markets.

III.3 Eastern Corp.

The origins of Eastern Corp., lie in the growth of an independent firm in Europe. From the onset, this independent firm grew through acquisition after acquisition that allowed the firm to follow its clients. The most significant international merger for the firm occurred in 1986 between the European firm, already operating internationally, and a US based Big Six accounting firm. The reason for the merger was to enhance the organization's ability to serve clients all over the world with better and more comprehensive services. The goal was to be a "truly international firm" focused on strengthening and improving service delivery.

By 1989 there was a desire to have a full-time international chairperson for the international firm. This was difficult to implement so in practice there were two part-time positions created - a chairperson that contributed 25% of his/her time, and a vice chairperson position that contributed 50% of his/her total time to international firm activities. As well there was a full-time managing partner. Twenty-five percent of the international managing partner's time was spent on administration of the international office, and 75% of his/her time was spent creating liaisons with national offices.

The recruitment from the national offices for the international firm was easiest from the largest firms. The international headquarters has developed, over time, to support disciplinary areas (i.e., audit, MC. tax), and functions (e.g., finance, marketing, information technology, HR). One of its early and primary roles was to support a strong committee structure. Many international projects were and still are run out of the national firms. The strong industry focus of Eastern Corp. began as a project by the international office to do some market research - benchmarking. The results culminated in a number of projects for specialized industry groups.

Clearly the intent of the international office was to serve member firms through committees and projects and not to act as a headquarters. However, over recent years many national partners have wanted more explicit action taken by the international firm. There has been increased emphasis on action plans that move international strategies ahead quicker and easier. The international firm began as, and continues to be, a cost sharing body and not a revenue sharing body.

The international firm began to evolve in 1989 from three key positions to the point that in 1993 the total head count of the international firm was about 55 people. The international budget by 1995 was 34 million US dollars divided into emerging markets, committee support, and the functioning of the international office. This budget ignores any investments made within national territories that benefit the international firm, and ignores the investments related to the personnel costs of national members that provide time to the international firm.

Unlike Southern Corp., Eastern Corp. was slower in strengthening or capitalizing on the international capabilities it initially derived in the merger. However, continual client pressure is encouraging the firm to capitalize on its international potential and work harder on a global scale.

Eastern Corp., relative to the other two firms, has strong local presence and a desire to maintain that while simultaneously achieving more global efficiency. One could argue that it is its strong European origin that supports its adherence to local responsiveness relative to the other two firms. Clearly, Eastern Corp. is less willing to forfeit the federative structure in its entirety as Southern Corp. may be. A characteristic of Eastern Corp. is to create structures, when necessary, that allow it to overcome the barriers of federative form. Having just described the benefits of the new "global firm" in Eastern Corp., a Canadian audit partner says:

> Over time we may if that works and makes sense -- break down the federated structure we now have for some of our more basic services - maybe it doesn't. I mean our federated structure works very well. It has served. It is our best structure. ... They [clients] like the fact that they are dealing with a partner in there that can do what they want and make decisions primarily. But for other types of clients, that structure doesn't work

Of the three firms, Eastern Corp. has the strongest adherence to organizing by industry. They also have the earliest and strongest centrally organized approach to building new practices. This is again consistent with their mission to be locally responsive.

This firm seems slowest in terms of developing regionally. The firm's Eastern European practice is very decentralized. The firm's evolution in the Asia region has been slow. However, considerable planning is underway presently to ensure the Asian firms evolve more quickly in subsequent years. Interestingly, we would expect regional development to be slower because of the firm's decentralized approach and sensitivity to local clients.

Sufficient changes in human resource practices are occurring in Eastern Corp.. The largest changes are occurring alongside the evolution of the "global firm" which is the structure and processes to deal with the small, but important group of clients that do not get good service because of the firm's usual focus on local responsiveness. Indeed, Eastern Corp. seems to truly capitalize on the benefits of federation. The global firm, supported by a different set of HR practices reduces the autonomy and independence of the firms when it is necessary to do so. However, past HR systems are held onto which support good local practice.

III.4 Summary Of The Impact Of Firm History On CIPs

Impact On Central Processes. Clearly, the different firm histories affect the structure, operations, and impact of the international bodies. It is interesting that Northern Corp.'s UK origin and growth through association results in the most decentralized international operations of the three firms. The international body is the least concrete of the three cases as there is no consistent locale and no physical presence to the Verein. The executive body is less articulate in terms of its global strategy and is the least directive. Many members had difficulty describing the Verein. The members neither describe the international firm as significantly facilitating nor constraining the way their local and national firms operate. There is less consistency across borders in Northern Corp. in terms of the substantiveness of operations. For example, the British firm clearly has more strength and competitive potential than its counterparts in other areas of the world. The variance of operations and differences in each member firm's competitiveness is greater than in the other two GBAFs. The high level of decentralization creates problems with accessing resources and investing in large scale international initiatives (i.e., new practices, technology, methodologies).

Southern Corp.'s US origin and growth through one large merger results in the most centralized international operations of the three firms. The firm's history is consistent with its highly developed central headquarters in New York and its highly centralized training center in Cleveland. The firm's history is consistent with its choice to drive numerous international initiatives from its headquarters (i.e., the innovative methodology, technology enhancement). Also Southern Corp.'s strategic direction towards a single profit sharing firm is consistent with its origin.

Eastern Corp.'s strong European origin and growth through multiple small mergers is consistent with its quite highly decentralized way of operating internationally. The firm's preferences for local responsiveness is clear and consistently practiced at all levels of the firm. This firm seems to truly capitalize on the opportunities of federation but simultaneously overcomes the constraints of the federation on global initiatives by creating new structures. The recent strategic initiative to develop a "global firm," - a separate profit sharing structure that operates to serve specific types of global clients - is clearly a less centralized approach to global service compared to Southern Corp.'s, but is much more centralized than Northern Corp.'s approach.

Interestingly, it seems that the tendency toward decentralized and centralized organization lies, in part, with each firms' cultural origins. Its origins and pattern of growth affect the international firm's structural choices as well as the degree of authority exercised by the international firm. For example, the Verein in Northern Corp., the most decentralized of the firms, clearly exercises the least amount of authority. The New York headquarters of Southern Corp., the most centralized of the three international operations, exercises considerable authority over international initiatives and national members' relationships to those initiatives. As one would expect Eastern Corp. lies somewhere in between. Its dual headquarters, Amsterdam and Brussels are moderately authoritative relative to the other two firms.

Although the national origins of these firms result in structures we could have predicted from theory (i.e., US firms are more centralized, European and UK firms are more decentralized) it is important to note that clients' demands supersede these traditional preferences and that each of these firms must be able to re-organize themselves on an ongoing basis to please the clients. Most often, these firms are organizing in multiple ways based on clients' origins. A partner of Southern Corp.'s international firm states:

> The client determines how they want to settle fees - whether they want to do it on a local basis or a group basis. Driven by the client. Almost everything we do is driven by the client. We have to accommodate the way the client wants to work. So US clients generally want to make the decisions at the center and then push it down. European clients and most Asian regional businesses are just the opposite. They want the decision to be made at the country level, so that lets say that we are working for Company Y which is a major Indonesian Financial Services company. Company Y would clearly say "I want the general manager in the subsidiaries to work with John and find out, figure out what the fees are." If they are both happy then I am OK on this. American Company Z would say "I am going to negotiate the fees with Joe in San Francisco and then he is going to parcel them out any way he sees fit to get the work done around the world."

Despite the different histories and the affect these histories have had on the structure and functioning of the international bodies, firm history does not seemingly affect the conceived role and responsibilities each firm has defined for lead partners.

Also, there is only a slight difference in the three GBAFs in terms of the policies and procedures that ensure compliance of member firms to the lead partner concept. One can only say that interviewees of Southern Corp. more clearly articulated the processes through which the international firm would become involved in situations where there were lead partner discrepancies.

Impact On Formal Processes. Firm history seems to have affected the nature of the relationships among functions (e.g., audit, MC, tax), among levels (i.e., partners and non-partners; junior and senior partners), and across borders. Consistent with Northern Corp.'s multiple merger history is the divisiveness witnessed among disciplines, geographic locations, and among different levels of professionals. For example, Northern Corp.'s regional consulting practices are developing rapidly while having little to do with the audit side. Eastern Corp. is developing consulting in regional areas of the world with a moderately assertive approach with MC being built in conjunction with other services. Southern Corp., having grown mostly internally and having been driven by the US, not surprisingly, is beginning to discuss linking the "virtual" MC formations together. However, inconsistent with Southern Corp.'s hard driven international strategy the links across functions are tentative. Auditors perceive there to be a much higher level of overall integration than do the management consultants.

Interestingly, the different histories have little affect on industry focus. All of the firms are moving toward more industry specialization. In Eastern Corp. substantive structural changes are occurring in many local offices be better enable the firm to focus on industries. The industry focus is strongest in Eastern Corp.. In Southern Corp., industry focus is a strategic priority, however, they are less willing to accept that any value-adding contribution the firm can make is primarily industry based - consequently they are trying to organize around multiple domains simultaneously. Northern Corp. on the other hand appears to be engaging in a lot of change to provide industry specialization, but does so in some geographic areas and not in others.

Although technology enhancement is occurring in all of the firms, Southern Corp. has adopted the most articulated plan for ensuring technological compatibility is achieved worldwide. A technology enhancement plan, including a three phase training program (originating out of Cleveland) has been launched in Southern Corp.. The technology is crucial support for the worldwide standardized audit approach (centrally conceived of in New York and then driven in conjunction with technology from Cleveland).

Impact On Social Processes. Ostensibly, different histories have, to date, had little affect on human resource management practices. However, interestingly in Northern Corp. the greatest changes in HR practices are isolated to pilot studies of new MC companies.

In Southern Corp. the changes in HR practices are consistent with, and required for, the successful implementation of the firm's worldwide innovative methodology that is not specific to audit. Conscious effort has gone into identifying the HR practices required to support the innovative methodology as well as the technological support required. The integrated approach is clearly driven from the US. A potential barrier may be the fact that individuals from different disciplines have different understandings of and experiences with the approach. Although the strategic intent is a standardized methodology that requires integration across levels, borders, and functions the data indicate the methodology is mostly an audit phenomenon.

In Eastern Corp. changes in HR practices and planning for future HR requirements in different parts of the world are occurring. However, there is very little emphasis on HR practices that focus on bringing functions together. The explanation may lie in the fact that MC has been, and continues to be, a more gradual development in Eastern Corp..

Further data collection may indicate that the firms vary in the extent to which they are formalizing their human resource practices and the variance may have to do with historical aspects of the firms. For example, changes in appraisals to reward "value-adding" contributions and team work - leading to a reduction of local profit sharing - is more likely to be resisted by Northern Corp., and least likely to be resisted by Southern Corp.. The strong "eat what you kill" attitude, couched in the historical coming together of multiple firms may cause resistance against such practices in Northern Corp.. Alternatively, in Southern Corp. the acceptance of the US firm's dominance and fairly strong beliefs that actions taken by the US will be good for the firm overall, will facilitate HR changes focused on increasing the overall level of integration in the firm. Also, profit sharing at a regional level is already part of the history of Southern Corp..

If HR strategy is consistent with the historical aspects of these firms, one would expect that Eastern Corp. would be amenable to and adopt the most flexible HRM system that would be consistent with its focus and ability to balance the dualities of local responsiveness and global efficiency (c.f. Schuler, Dowling, and De Cieri, 1993; Taylor, Beechler, and Napier, 1996). The recent development of the "global firm" with its different HR system from that of the rest of the firm is a strong indication that this may be true.

IV. Saliency Of The Various Factors Affecting CIPs

In summary, clients play a key role in defining the tasks for the GBAFs. There is indication that the task is defined differently by different types of clients. Clients' reporting and operational structure and their knowledge and service needs define the task(s), therefore the primary interdependencies and the important CIPs. It is also important to remember that the client has a history and context that influences coordination and integration. In fact the client's context and history and the history of the client/firm relationship may be the most important factors underlying successful coordination and integration. The success of a GBAF lies in its ability to organize around numerous clients' conditions and demands.

Categories of clients, based on client characteristics, may have some consistent requirements for coordination and integration. These actions required will not remain static nor will particular actions be applicable in all circumstances. It is an ongoing challenge for the firms to respond to each changing client and the overall changing portfolio of clients.

Also uncovered in the data is that each firm's local context (i.e., the economic, political, legal, professional, cultural/ideological aspects of the local environments) affects coordination and integration. The data indicate that local environments and capabilities depend on client circumstance and, as such, have implications for coordination and integration. As well, each firm's history, in terms of its origin and historical growth pattern affects coordination and integration choices. However, it is more likely that the client's allegiance to a preferred structure will be most influential in the organization of these firms.

The extent to which clients, context, or firm history affects coordination and integration varies depending on the clients' situations and the time. However, it appears that certain aspects of firm history that mattered a lot at one time (i.e., immediate outcomes of mergers, cultural differences prior to merger) matter less over time. Similarly, it can be argued that as globalization continues to occur, there will be fewer firms that are overtly different in terms of the development of the profession, the status of laws, their infrastructure and technological capability. However, the contextual differences are unlikely to ever disappear totally as a lot of a firm's response has to do with the clients present in the country, and client portfolios will never be static.

What is clear is that client factors are salient because they affect central processes (i.e., lead partner). Partners now conceive of the relationship with the client as a business partnership - joint venture of sorts. Partners are assigned to maintain contact with clients even in the absence of work being done. The manner in which these relationships are maintained will become an increasingly important factor affecting CIPs.

CHAPTER SIX
SUMMARY AND THEORETICAL INSIGHTS

The primary purpose of this chapter is to summarize the key findings specific to each of the objectives of this study. The objectives of the dissertation are to:

1) describe the coordination and integration processes (CIPs) utilized by three of the "Big Six" Advisory Firms in serving global clients;

2) identify the factors affecting CIPS and;

3) assess whether existing theoretical explanations of coordination and integration processes are appropriate for dealing with the unique qualities of global business advisory firms (GBAFs) (i.e., primary task, governance structure, institutional environment).

The chapter is divided into five sections. Section one provides a summary of the primary interdependencies discovered and the key processes supporting those. Then the salient factors affecting central, formal, and social processes are summarized in section two. In section three, the relevance of the devised conceptual framework for explaining CIPs in these firms is examined. Section four provides a discussion of future research directions.

I. Primary Interdependencies And Key Coordination And Integration Processes In GBAFs

The numerous partnerships of any GBAF were once linked only in terms of the referral work they provided to one another. Over the past ten to fifteen years the partnerships have become more interdependent in order to attain economies of scale and make larger investments that allow them to serve an increasingly diverse and dispersed client base. The data indicate that now, more than ever before, the member firms are interdependent to meet the knowledge requirements of increasingly sophisticated clients. In fact, knowledge interdependencies are crucial for these firms' long term viability and competitiveness. The need for knowledge is pressuring the partnerships to develop even stronger interdependencies with clients than in the past and create new interdependencies with competitors and other service providers that ensure they can "add value" to their clients' businesses. The demand for external interdependencies and the challenges inherent in that are seen in the following comments by a Canadian audit partner from Eastern Corp.:

> One of the real challenges we have in coordination is joint venturing with other firms. You know, ... back when this entity was formed, as I said, there was effectively three types of advisors they wanted. Financial accounting, all sorts of stuff, legal, and technology. We had a very good relationship with the senior members of the Board and so on. At one point they asked us, and we considered to be lead, say we'll be advisors and we'll sub-contract all the other people. They effectively wanted that. They said we want one person, one organization to come to. What the government did, and this is public knowledge, they gave this entity nine million dollars to be spent on advisors to help them negotiate this deal. And they said to some extent we'd rather have one firm that does it and probably [Eastern Corp.] has a broader base set of skills than a legal firm, than a technology firm. How about you being the lead and sub-contract to others? We thought about it and it's appealing but it's also very risky.

The data indicate that the need for knowledge is so much binding these firms together that it is significantly changing the nature of the relationship between the partnerships. The urgency for the firms to have strong knowledge interdependencies is essentially fueling the evolution of financial and human resource interdependencies and producing the key CIPs uncovered in the data.

Central and social processes are found to be mutually supporting processes that, along with technology, best support knowledge interdependencies. First, in terms of central processes the international firms are undertaking numerous initiatives to create and sustain strong knowledge infrastructures within the firms. Consequently the quantity of knowledge is increasing (e.g., industry specific, practice specific, client specific);

contributions of knowledge to the systems are broadening; access to knowledge by a larger number of people is occurring; methods for retrieving knowledge and for ensuring its relevance are being established; and policies monitoring the use of knowledge are being devised by all the international firms.

Second, the lead partner role - very similarly defined in all three firms - is a central support of knowledge interdependencies. The lead partner role and associated activities most significantly raises the overall level of integration in GBAFs. The lead partner role, in all three cases, has specifically evolved so that clients' service and knowledge needs can be better dealt with. The lead partner's responsibility is to obtain the best possible service for the client and maintain the client relationship at the highest level possible wherever the client goes globally. The lead partners have authority to: select the members of the client service team to ensure appropriate resources and expertise exist worldwide; change partners to gain better service; change offices to enhance service; dictate fees to local offices to secure the global account; demand knowledge about all the services being provided in the various locations and make decisions that facilitate client service; and create alliances with other PSFs to enhance service. Consequently, a lead partner is key to the knowledge flows for his/her own clients. Technology upgrading in all of the firms is an important complementary process (formal process) to central processes. Technology particularly supports the increasing number of external interdependencies.

The limitation of central processes and technology for maintaining knowledge interdependencies is that both support primarily articulated knowledge exchange. The data indicate that tacit knowledge exchange (i.e., in-depth sharing of individuals' experiences in serving clients) is increasingly important and requires social processes. Secondments, transfers, global training, and incentives, based on team work and "value-adding" contributions, increase the amount of interaction individuals have with one another; increase the level of understanding across various groups (i.e., disciplines, levels, country borders); break down prejudices and biases among groups and thus allow a level of trust to build that supports individuals sharing their client experiences. The transfer of such learning is increasingly important given the complex issues clients are coping with. There is in fact tremendous potential for social processes (i.e., human resource management practices) to improve the overall level of integration in the firms, however, the separate offices are constrained somewhat by partnership form. As discussed in Chapter 5, secondments and transfers are particularly difficult, and global training for new methodologies and technologies is difficult.

As alluded to above the interdependencies in GBAFs are not mutually exclusive. The need to be interdependent to maximize knowledge use is changing financial and human resource interdependencies. The data indicate that central and social processes are key to these two types of interdependencies as well. The international firm and lead partner activities are key processes underlying recent changes in financial interdependencies. For example the international firms are increasing the amount of revenue coming from member firms and are establishing international investment priorities that bind the firms together (i.e., support of new practices). Also, the lead partner is able to dictate across border participation in global client service. Social processes (i.e., HR practices) are key in supporting resource mobility that is so crucial to service provision that requires high level knowledge exchange.

Noteworthy in the data is that central and social processes are mutually supportive and together sustain important interdependencies in these firms. For example, at a broad level both the activities of lead partners and the array of HR practices supporting interdependencies are part of the broader strategic direction and infrastructure set by the international bodies. At a lower level, the lead partner is constrained in his/her efforts to bring the best knowledge to the client circumstances if there is not a broader system of HR practices that support his/her efforts. Interesting is that formal processes seem to provide focus to interdependencies and associated processes. On the one hand, formal processes are less important for raising the overall level of integration in these firms. On the other hand, they allow the integrative affects of central and social processes to be maximized because of the defined boundaries with which they are applied.

II. Factors Affecting Coordination And Integration Processes

II.1 Client Factors

Client, country context, and international firm history all impact, in a number of ways, central, formal, and social coordination processes. However, the most important factors are those affecting the lead partner and human resource practices, as these are the mutually supportive processes supporting knowledge interdependencies so crucial to these firms' competitiveness.

The data indicate that a client's characteristics affects the activities of the lead partner. The specific role and responsibilities of a lead partner are decided in light of each client's demands (e.g., type of service, locations where service is requested, degree of specialization required, desire for a particular type of firm/client relationship). The amount of involvement of the lead partner in a client engagement tends to be more the higher the level of knowledge required. The activities of the lead partner vary depending on the reporting and operational structure of the client; and furthermore, his/her response to that structure varies dependent on the nature of the task. For audit tasks the lead partner must respond by mirroring the reporting and operational structures of the client. For more advisory type tasks the lead partner must organize around the specifics of the project as defined by the client. In other words, the specific role of the lead partner varies in each client circumstance. If the client is highly decentralized; and the task is primarily audit; and the client's operations are located where auditing expertise exists, the lead partner will play mostly an administrative role. Alternatively, if the client is highly centralized, drives a hard price target from the top, demands to be informed of all work and opportunities in the locations, and locates in places where relevant expertise does not exist, the lead partner role is much more than administrative. In this situation, the lead partner becomes involved in establishing teams of experts, ensuring the transfer of expertise, dictating work and fee rates to colleagues, and deriving joint ventures with other firms if that is necessary.

As well, the extent to which the engagement is "micro-managed" by the lead partner depends on the length and nature of the relationship the firm has with the client, the degree of change the client is experiencing, the amount of risk the client poses, and the type of external interdependencies the client demands. All of this emphasizes that each client affects the lead partner specifically, but also affects the overall level of integration more generally.

II.2 Country Context

Country context affects how the lead partner concept applies in practice. At a broad level, country contextual differences mean that the same benefits of global service opportunity do not accrue to all firms similarly. For example, Malaysia is more constrained in global service because of its emerging market context. Its economic growth; its lack of human resources; its political allegiance to regionalism; its different legal requirements that add work to any global assignment, all cause the firms in Malaysia to reap less benefit than firms in other countries from being involved in global service.

The data indicate that specific CIPs do not equally benefit firms in emerging countries and those in developed countries and therefore may not be similarly applied. The point is most clear with respect to the lead partner concept. Because Malaysia does not have a lot of MNE headquarters it is often at the receiving end of global requests. Partners in Malaysia often feel "forced" to do less lucrative work than they might find locally or regionally. Alternatively, in the rare situations when the Malaysia firms have the lead role in global service the partners do not always receive the collegial support they need to serve the client. In other words, large firms simply refuse to accommodate Malaysian partners' requests if the fees set for the job are too low. Consequently, less than rational and effective means of getting the job done may be employed (i.e., utilizing other firms which creates more monitoring of work; crossing over territorial boundaries). Consequences of country differences may de-rail international initiatives meant to enhance integration and may cause other less efficient processes to become central to the way coordination and integration occurs.

The data also suggest that an emerging country context such as Malaysia makes industry focused strategies more difficult because it simply does not have the resources to employ. Also, the urgency to implement technology is reduced in emerging countries because the firms do not so much need the "ideas" that technology can provide, they instead need people. Also, they do not reap the same "global" advantage from technology that larger firms in more developed countries do.

Alternatively, country context differences attributed to a growing economy (i.e., Malaysia and Singapore) versus a stable economy (i.e., Canada) support regionally focused strategies and facilitate the development of new services. Coinciding with this, we see strong efforts in Southeast Asia toward the implementation of new human resource management practices that are congruent with providing more advisory type services.

II.3 Firm History

The data indicate that the origin and pattern of growth in each international firm affects the structural choice for the international firm and the amount of authority that resides in the roles associated with those structures (i.e., lead partner). However, the most salient affects of firm history on CIPs are specific to the historical relationships between partners and non-partners; between colleagues of different disciplines; between geographic areas; and between the other parties, external to the firms, that have evolved during each international firm's growth strategy. The totality of these relationships in any one of the international firms is complex because there is no consistency in the nature of those specific relationships across country borders. The lead partner is somewhat constrained in serving clients by these historical relationships and differences in historical relationships across the world. Without any prompting on the topic of history one partner from Singapore brought attention to the affect of firm history on CIPs:

> Some years ago and for many years we were a regional partnership. We were not a Singapore partnership and a Malaysian partnership and a Hong Kong partnership. We were one partnership until the first of January 1990. .... We had regional profit sharing and we had more regional cohesion brought about by the fact that we had a regional senior partner at that time. It was his responsibility to I suppose strategize on a regional basis and to see that the firm was structured and operated on a regional basis.

This partner goes on to describe the congruency between the increased autonomy of the partnerships over the last five years and the "nationalism" spirit that reigns among formerly British colonized countries. He suggests that any attempts of authoritative control will have to overcome significant resistance by the firms in the Southeast Asia region. The comments allude to the number of relevant histories that exist throughout the world that are likely to continue to affect the nature of the relationship among the partnerships.

Having now completed the summary of the primary interdependencies, the key processes supporting those, and the factors affecting those processes, the following section discusses both the usefulness and limitations of the conceptual framework for increasing our understanding of international coordination that was used for this research.

III. Relevance Of The Conceptual Framework For Explaining CIPs In GBAFs

The ideas of Bartlett and Ghoshal (1989) and Hedlund (1986, 1994) were key to the development of the initial framework for this study. As such, the application and limitation of each is specifically discussed in the following two sub-sections.

III.1 Bartlett And Ghoshal

Central to Bartlett and Ghoshal's (1989) ideas is that a balance between CIPs that support global efficiency, those that support local responsiveness and those that support the enhancement and diffusion of knowledge is necessary. These processes are the crux of the transnational organizational form that they argue is key to effectiveness for an increased number of MNEs. The complex interdependencies inherent in the transnational form require a complex array of CIPs to sustain them. Any conflicts raised as a result of these processes need to be reduced by additional interdependencies. Certain kinds of interdependencies (i.e., product, resource, knowledge) are best supported by particular CIPs (i.e., central, formal, social). They argue that a combination or portfolio of processes may be identified for particular situations. The appropriate portfolio of processes has a lot to do with the different contributions subsidiaries make to the worldwide organization in light of each one's environment and resource capability. Based on the parent company's systematic differentiation of subsidiaries' roles and responsibilities, particular interdependencies are important and associated with appropriate CIPs.

Bartlett and Ghoshal (1989) and later Ghoshal and Nohria (1994) further argue that shared values, in spite of systematic differentiation of subsidiaries' contributions, increase the potential for MNE effectiveness. Thus, more than ever before the potential for global vision and values to enhance MNE effectiveness is argued to be substantive. In addition to acknowledging the affect of subsidiary context on CIPs, they show that corporate history affects CIPs. They argue that behavioral characteristics inherent in the national culture of the parent company affects the way things have been done in the MNE, and ultimately shapes the international organization structure and processes that constrain future organizational options.

These ideas provided a very useful starting place for investigating international coordination and integration processes in GBAFs. Identifying service, resource, and knowledge interdependencies; uncovering the central, formal, and social processes existing; and assessing the relationships between interdependencies and processes, brought forth important insights about CIPs in GBAFs. However, there are clearly some limitations in Bartlett and Ghoshal's ideas that mostly arise out of their strong contingency perspective and seemingly strict application of Thompson's (1967) ideas. Bartlett and Ghoshal (1989) assume that tasks vary but their empirical work does not focus on the implications of significant task differences for CIPs. They assume that the task is tangible, repetitive, and internally defined. Further to this, they assume financial interdependencies are controlled by a single headquarters.

Consequently, Bartlett and Ghoshal's idea of specific processes supporting specific interdependencies, and their idea that a portfolio of processes can be accurately identified and implemented to successfully serve global clients is inconceivable in GBAFs. In GBAFs the task is primarily defined by clients. And the task is defined differently by many clients, simultaneously. The task is professional knowledge based so it is intangible, client customized, and continuously changing in response to the clients' newest concerns. The task is also multi-dimensional. And perhaps most important - diversity exists in the worldwide firm, and individual/group discretion is exercised in terms of financial interdependencies. The direction is from multiple sources (e.g., numerous lead partners) and cannot be consistently sustained with any certainty. Complexity generally, in terms of interdependencies and supportive processes, is increased because there is not the direction from a single source.

Bartlett and Ghoshal's (1989) idea that the subsidiary context defines the interdependencies of importance between the parent and subsidiary and thus defines the important set of supportive CIPs is problematic. In GBAFs the nature of a local firm's context, in terms of its environment and resources, varies by client situation. For example, a member firm may have high resource capability for one client situation and simultaneously low resources for another client. Therefore, the pattern of interdependencies and supportive coordination processes is more complex than present theory suggests. A firm's capability, and its roles and responsibilities in serving global clients is defined within each client scenario. Therefore, the important interdependencies and supporting CIPs reflect each client's characteristics (i.e., knowledge/service needs, structure and processes) and the contextual situation of countries involved in providing the service in light of those characteristics. To a degree the predominant interdependencies among the partnerships are defined by each firm's portfolio of clients. The overall network organization of the worldwide firm reflects the compilation of all the partnerships' client portfolios and their commitments to those clients. Increasing the complexity of this organization is that these predominant interdependencies shift continuously with the movement of clients.

Bartlett and Ghoshal's inclusion of history as a potentially important factor affecting coordination and integration is insightful. The limitation of their application lies in a more simple conceptualization of history than is real. They conceive of a single, easily identifiable organization history that is associated with a parent company's cultural origin. The data indicate that it is not the administrative ways of doing things associated with the cultural origin of the international firms that mostly constrains CIPs, it is much more the clients' "administrative histories" that affect CIPs. An integrative challenge in GBAFs is for them to remain flexible and organize around different clients' preferences (i.e., US clients prefer centralized service and UK clients prefer more decentralized service). Second, the impact of the international firms' histories on CIPs lies more in the internal "micro" historical relationships that have evolved in relation to their growth strategies and involvement with their clients and clients' changes. Again the limitations of Bartlett and Ghoshal's ideas arise from their contingency perspective which limits them from seeing history as a multidimensional construct having affects at different levels, across time. Only a more "processual" analysis can begin to uncover this type of complexity.

Bartlett and Ghoshal (1989) do not allude to the saliency with which the various factors may affect CIPs. This study shows that client characteristics strongly affect central processes. This is not unexpected as the central processes in these firms are new and have been initiated in direct response to clients. Less certain is how the nature of the client and their demands may change and cause the firm to respond differently.

The data clearly indicate that country context has implications for all three coordination processes. It is possible that as more businesses become global, and continued political support is provided for the globalization process, that individual country contexts will change, become more similar, and impact CIPs somewhat less. However, even as countries become more similar, certain types of clients will be drawn to some countries and not to others at particular points in time. Member firms will continue to organizationally respond to the type of clients they have to serve at a particular point in time. Consequently, the benefits of high level global integration for each of the member firms will not be stable. This means that the affect of country context on CIPs will continually change dependent on the clients' situations, the countries the clients are doing business in, and the time frame within which we are observing and assessing processes.

Historical origins and growth patterns in GBAFs, as ongoingly reflected in the relationships among individuals at different levels, among individuals of different disciplines, and among members of firms across borders, are likely to have a greater or lesser affect on CIPs dependent on clients' circumstances. Furthermore, the extent to which an international firm's history affects CIPs over time depends on each firm's conscious intention around using its own history. For example, the data strongly indicate that partners continue to choose people to work with that they have worked with before. This is despite the fact that more effective results may come from different alliances suggested to them through new electronic means. To engage in relationships that bring about more lucrative results for the firm overall, individuals and groups need to make conscious decisions to break away from the patterns of relating that have been established and block higher levels of integration (i.e., auditors versus MCs). Memories (individual of organization) will be ongoingly re-created in the absence of conscious intention. From the data there is reason to believe that Southern Corp. and Eastern Corp., are conscious of their growth patterns and the consequences and are moving ahead with intentions specific to those memories.

Drawing on Bartlett and Ghoshal's ideas it is clear that the relationships between interdependencies, CIPs, and factors affecting CIPs are more complex in GBAFs than other MNEs. The alignment of specific processes to interdependencies is not easily detectable because interdependencies are not mutually exclusive. In this study knowledge interdependencies are causing financial and human resource interdependencies to evolve. This is beginning to break down the partnership form and creating different opportunities for knowledge exchange. Furthermore, central, formal, and social processes are not mutually exclusive processes. Clear in the data is that central and social processes are mutually supportive and sustain the most important interdependencies in these firms.

What processes best support which interdependencies in these firms depends a lot on the particular client; on an array of contextual factors operating in the client situation, and on the relevant historical relationships existing throughout the firm for the client being served. The saliency of any of the factors influencing coordination and integration processes may be different for different clients and may change for any given client over time.

III.2 Hedlund

The integration of Hedlund's ideas into the conceptual framework brings further insights on CIPs in GBAFs. His idea that different types of knowledge require different integrative processes was incorporated into the study by inquiring, in each interview, about the types of interactions, communications, and paper flows that occur among the individuals providing services to each global client. A couple of things came out of this inquiry. First, tacit knowledge sharing requires that appropriate financial incentives be in place and requires people trust one another. Tacit knowledge sharing requires a complex array of social processes that are congruent with financial incentives. The lack of tacit knowledge sharing in these firms, resulting from the local based incentive systems, is explicit in the following comments made by a Canadian management consultant from Southern Corp.:

> That [the fact that a US office was being used for Canadian work] also gives you a clue about another dimension of how we service markets. The United States comes up here and poaches and Canadians go down there and they poach. I was surprised that I was up here servicing the Canadian offices for this organization instead of having somebody with the same discipline -- same skills as myself from here. They could have serviced that need but they didn't. And that's a great lesson in organizational alignment because it has all to do with how partners get paid. Partners get paid on selling volume they don't get paid with cooperating with one another across countries. So if they can go sell work in a different country and not piss anybody off then that's a good thing. There's not an incentive for a partner in the United States to use Canadian resources to service a Canadian client otherwise they would have done it.

The data regarding the knowledge exchange going on in the firms in order to serve clients indicate a strong applicability of Hedlund's idea of multiple centers of control. In GBAFs we see multiple centers of knowledge around which much organizing occurs. First, for example, the lead partner concept results in numerous centers of control - at least one center for each client. Relevant knowledge about a client is contained there. Second, there are well established centers of excellence that exist in two of the three firms. These centers are recognized places of knowledge accumulation specific to practice areas or to industries. Factual information and/or personal resources located at those centers can be obtained by individuals throughout the worldwide network. Furthermore, the international firm, the national firms, the regional divisions, and the local firms all constitute additional centers of control where knowledge is accumulated. These knowledge centers all exist simultaneously and a lot of partner interaction occurs in relation to these centers in order to serve each client. These centers are ongoingly changing and new centers are continually being created. Any one or more centers may facilitate service to one client much better than to another. A center may be relevant to a client for awhile and then not relevant at all at a later time.

The limitations of Hedlund's ideas around knowledge management lie in his idea that there is a top management team that has the responsibility to ensure individuals share knowledge and the power through reward consequences to ensure they share knowledge He implies that there may be one clear way in which the centers should relate to one another, and implies the management team has the authority to provide such direction. There are two obvious problems in applying this idea to GBAFs. First, the way the centers need to relate to one another in the advisory firms depends primarily on the clients, which themselves continually change. Also, the way the centers need to relate depends on the contextual factors of the countries involved in each client case. Second, although the international firms provide the broad infrastructure for knowledge sharing, these bodies are not able to manage knowledge in the same way a parent company may manage the knowledge within other types of MNEs. The partnership form does not allow any one center that amount of authority.

It seems that the way these centers are interdependent is critical for global effectiveness. A number of questions are raised from this finding. What processes may support knowledge interdependencies among these multiple control centers? Is there a hierarchy of centers, and if so, how is the hierarchy defined? What is its nature? And are there specific CIPs that best support the appropriate relationships among the centers, or that best support a particular client or situation? If yes, what CIPs support the appropriate relationships that ensure knowledge use is maximized?

IV. Future Theoretical Directions

There are a number of inquiries that would be modest extensions or tests of the generalizability of the findings of this research. However, the findings also lead to a number of substantive new areas of inquiry that could increase our understanding of international coordination and integration processes. Examples of both types of research directions are provided in the following sub-sections.

IV.1 Extensions

First, more could be learned about international CIPs in GBAFs by repeating this investigation in the remaining Big Six Advisory Firms. The most significant contribution would come from the inclusion of Arthur Andersen, the firm that is clearly most different from the other five. Such a study would increase the generalizability of the findings here to the Big Six - international - accounting industry.

Second, a study further investigating the same GBAFs in a number of other countries, would increase our knowledge of CIPs. This study indicates that the coordination and integration challenge intensifies when "developing" countries are involved in the service. The data suggest there are problems with the firms decontextualizing global client initiatives. The firms should not assume that the implementation of global initiatives (i.e., lead partner concept) will ensure the initiatives have similar affects cross all borders. For example, the lead partner role, in practice, is significantly affected by local conditions (i.e., nature of clients served by the local firm, resource availability). Therefore, by investigating client service in Chile and/or India we might identify other CIPs that reflect the particular service challenges in those countries. A study of this nature would further test the impact of emerging country context on CIPs. For example, we could see if the applicability of the lead partner role is similarly affected by the developing economic context present. Alternatively, investigating global client service in Vietnam or China would similarly test the generalizability of the affect of emerging economies on CIPs, while holding constant the geographic location (i.e., Southeast Asia).

Third, this same investigation could be done in other types of professional service firms (e.g., engineering consulting firms, information technology firms, law firms) in order to test the generalizability of the findings here to other professional services. Many authors have spoken of the "uniqueness" of various services within the broad category of professional business services, therefore, we can expect important differences to exist (e.g., Aharoni, 1993; Ghoshal and Westney, 1993; Lowendahl, 1997).

Fourth, a study focusing on inter-firm relations among different types of professional business service providers would be informative about international coordination and integration processes. The findings of this study show that clients and firms are engaging in ongoing business partnerships more than in the past. Also, because of the knowledge needs of the clients, professional service firms and even the Big Six Advisory Firms themselves are joining forces to better service clients. Complex joint venture arrangements between professional service providers are becoming common. Concerns already have been raised about what firms will be the "lead firms" in these joint venture arrangements. The processes underlying these new interdependencies and their affects on existing interdependencies have significant implications for appropriate CIPs. This present study has gone some steps toward better understanding the relationships among MNEs that Ghoshal and Westney (1993) suggested were important but missing in the literature. However, a study specifically focused at the organizational field level would be a further step in this direction.

VI.2 New Areas of Inquiry

The finding that client characteristics strongly affect interdependencies and coordination and integration processes calls for a study in which clients are also interviewed for their perspectives on global client service. More specifically, a longitudinal study which tracks the structural and processual changes of clients and aligns those changes with the firms' responses would be particularly informative of CIPs generally. This would clarify the importance of firms being able to "mirror" clients' structures and processes, and would clarify the specific task and situation determinants of that process.

There are a number of new areas for inquiry that arise from the findings of this research that have clear practical implications. For example, it is apparent from this research that there is a tremendous amount to be learned by investigating more closely the specific processes that most ensure a flexible response to clients (i.e., the lead partner role, changes in human resource practices). The activities of the lead partner make him/her the most important coordination and integration process supporting global client service. The global lead partner sustains internal interdependencies of all types (i.e., service, resource, knowledge) as well as supports interdependencies with clients, competitors and other service providers. He/she has a critical role to play in determining who will do what task in the organization, and a critical role in determining how the appropriate interdependencies will be sustained, and at what level the overall integration will occur. The lead partner is instrumental in building teams with the appropriate knowledge and is therefore at the core of coordination tensions. There are tensions in bringing partners and non-partners as well as professionals and non-professionals together. There are tensions around distinguishing local versus regional versus global jobs and thus around choosing the right knowledge centers. The lead partner is increasingly key to reducing the tensions and achieving the right level of cross-border, cross-discipline, cross-level, and cross-firm integration.

There are at least two issues of significant consequence here. First, substantial effort needs to go into training lead partners. Training is necessary to sensitize individuals to contextual differences; to ensure that respect for differences in circumstances (i.e., country contexts, client characteristics) are promoted; and to ensure opportunities are created for face to face interaction in order to build trust (i.e., across countries, across disciplines). There is tremendous competitive potential if different disciplinary areas can gain leverage from one other. The macro-level at which the management consultants focus and the detailed level at which the auditors focus can add value to a client's business. It is likely that the creation of an informal network whereby management consultants, auditors, tax advisors can trust and respect one another holds significant potential for the firms' overall effectiveness. Research that tracks the activities of the lead partner and the specific facilitators and barriers to integrative efforts. over time, would be practically insightful.

Following from this, investigations into specific problems in the application of the lead partner concept would be particularly helpful for practitioners. The problems result from the fact that not all offices benefit equally from global involvement and clearly some offices rarely do. The findings suggest that research focused on the consequences of "decontextualizing" versus "contextualizing" international initiatives might provide further insight into international CIPs. Inquiry of this nature would investigate whether or not competitive advantage can be attained by contextualizing global initiatives (i.e., lead partner initiatives, technology initiatives). This research would attempt to identify the specific processes and means by which they can sustain the different initiatives. This seems to be an important research avenue to pursue as each firm's persistence in driving towards a single worldwide approach may be problematic in light of the variety of skills they simultaneously need to offer in the firm, and the different supportive processes those skills require. Peters (1994) in his book on liberation management suggests professional service firms are the "prototypes of the future," indicating the substantive learning potential to come from investigating the coordination and integration processes operating in these firms.

Also, the data suggest that further study of the specific human resource management practices that support cooperation across borders, disciplines, levels, and firms is important. The importance of human resource practices is increasingly brought to the forefront because of the movement of the firms toward more management consulting types of engagements. The problem of getting the right people to the right place to solve the right problem at the right time is a challenge which far exceeds bringing similar skills together as in the traditional audit and accounting problem. There is a need to look very specifically at the role of employee transfers and secondments; lead partner training; global training of other sorts; appraisal systems that reward cooperation versus competition; and then the impact of each of these changes on the flexibility derived by the organization and the subsequent implications for client service.

The theoretical contribution of an HR management focus in GBAFs could be immense. Consistent with Bartlett and Ghoshal (1989), Evans (1992, 1993) argues that the strategic management task of MNEs is to create shifts between dualities, in other words to balance complementary qualities such as local responsiveness and worldwide integration. The task of management is to alter the asymmetry of the matrix, reinforcing one dimension and then the other over time. Evans argues that human resource management is the most subtle management mechanism that best supports re-balancing of dualities, without the cumbersomeness of major structural and system changes. Evans argues that the right combination and strength of human resource management practices at the right place supports the development of the organization and its overall capabilities.

The insights to be gained from studying the human resource management practices in GBAFs are numerous. Historically GBAFs have placed little emphasis on human resource management compared to other MNEs that have fairly extensive personnel management systems. Any focus on human resources in GBAFs in the past was given, relatively speaking, minor focus and was locally, rather than regionally or globally based. Human resources management was an additional functional responsibility taken on by partners who were more interested in their client service responsibilities.

However, despite these firm's slow focus on human resources they are increasingly driving human resource management out of the international level; individuals have human resources as their total responsibility; and HR strategy is increasingly congruent with the international strategy. Finding the right human resource management practices to apply at the right place at the right time is an important issue they are confronting and a critical issue for them to achieve a higher level of overall integration. It is clear that the human resource systems developing will in no way be singularly defined in terms of a personnel management system. These firms do not have the history of personnel management creating barriers to the complex HR systems MNEs increasingly require. Tracking the evolution of HR systems in GBAFs would provide theoretical insights on international CIPs as well as provide potentially useful insights for prescription in other MNEs.

Another insight gained from this research is that the relationship histories of individuals and groups within these firms significantly affect CIPs. The data indicate that the historical relationship each firm has with every other firm, and also with its clients, impacts the way coordination and integration occurs. However, perhaps even more importantly, the historical relationships inside the firm that develop ongoingly in relation to the various clients impact the way that coordination and integration occurs. Partners often commented that they drew on their personal network to find people across borders to support their clients. Given the significance of personal and group historical relationships to patterns of coordination and integration, insights need to be gained on how these firms can best establish new internal and external relationships and maintain them, and how they may overcome the constraints on organizing resulting from negative relationships of the past. Unquestionably where fear (i.e., fear of MC vexing the client relationship or vice versa) and pride (i.e., auditors holding seniority positions because they built the practice not because it is most lucrative for them to do so) are operating, interdependencies increasing the level of overall integration that is necessary for creative solutions to clients' problems will not likely be achieved. It is probable that HR practices hold tremendous potential for facilitating relationships across levels, disciplines, and borders and for breaking down barriers to those same relationships.

It seems possible now to go beyond describing coordination and integration processes, identifying factors that affect processes, and explaining why the various interdependencies and process relationships exist, and identify the extent to which the enhancement of certain interdependencies (i.e., external, financial) and the implementation of certain processes (i.e., Hr practices and systems, lead partner training) and combinations of processes affect specific performance measures. Interviewees' comments that mirroring clients' operating and reporting structures is sometimes crucial to performance (i.e., maintaining the client) clearly suggests that there is important research to be done to identify the specific coordination and integration processes that allow the firms to be more effective and efficient in serving various types of clients.

Finally, there is a very large and critical research question that comes out of this study - What is to become of the partnership form? As has been said numerous times the need for knowledge is clearly challenging the relationships between separate partnerships. There are increasing pressures for more financial interdependence among the member firms. The data clearly indicate the partnership form is threatened. What may these firms look like as they take on a more corporate ownership form? Does the fact that their history lies in partnership form matter for the form they achieve? Is there an organizational form that lies between the form we identify with corporate ownership, and the form we identify with partnership form?

The answer to the final question, implicit in Aharoni's (1995) work, seems to be yes. Aharoni argues that it is a successful transfer of knowledge that is critical for MNEs to be competitive. In their present state professional service firms cannot successfully transfer knowledge because the incentives are too closely aligned to a local focus.

Aharoni argues that a re-alignment of incentives is critical for these firms. However, he suggests that social norms may be powerful motivators that somewhat lessen the need for pecuniary rewards. His idea is that partners will share knowledge because they are part of a social network of professionals. Individuals' commitments to professional values may allow for a more negotiated compensation system to work. "Nurturing of social norms" coupled with better performance evaluation and compensation practices may be sufficient for successful transfer of knowledge throughout these firms. In other words, a complete change to corporate ownership structures and practices may not be necessary.

However, the data indicate tremendous heterogeneity among groups within the partnerships. Although there is evidence of a social network of professionals as described by Aharoni, the data suggest that the partners working across borders are not always ready to lower fees or share information because it is socially right for them to do so. In fact, there are indications that partners are less and less likely to do so. It is more likely that they will, in each separate case, evaluate the extent to which it is important to apply the "social rule." In other words they ask - What is the future benefit to be gained? The data suggest that partners will be willing to share knowledge and to reduce their fee for service if they feel that on another occasion they will reap the benefit of the other's assistance. It is not at all clear that in cases where a member firm is unlikely to be asked for a favor in return (i.e., a Canadian firm asked to take fee cuts for a client in Malaysia) they will approach the relationship in ways that are socially appropriate in the profession.

One of the problems with Aharoni's ideas is that he minimizes how difficult it is to have a professional culture with the kind of complexity these firms are dealing with (e.g., heterogeneity of skills and range of professionalism now underlying those various skills). Research that continues to focus on the role of professional socialization in binding these firms together as they become service heterogeneous and increasingly global will provide continued insights on international control processes.

It is clear that CIPs in GBAFs are undergoing change as we speak. This makes our job as organization theory researchers a challenge. It is critical that we address this complexity in our theories and methods and not reduce the complexity for easier articulation and neat presentation. To address MNE coordination and integration complexity more theoretically, we need to provide a way to analyze systematically and rigorously the tensions around the various CIPs. Focusing on tensions around processes for global client service will provide insight into organizational possibilities and will suggest the likelihood that various arrangements will come to fruition. The importance of this analysis is alluded to in the following comments of a Singapore partner while discussing the likelihood that a single worldwide firm will be accomplished in the next five years.

> The thing that will be difficult is that the initiative [push for one worldwide firm] is coming from the United States. Maybe I'm wrong, but I perceive that the initiative is coming from the United States. Quite honestly the initiative should come from the United States. It is the largest member firm. ... It is the American firm whose interest is best served by being able to demonstrate to their clients that look you guys if you got a problem with our Singapore office we can fix it. So that they have the greatest need to bring this about and they have the authority to bring it about because they are the largest firm. The difficulty will be that, I think you know I have been sort of philosophical. You probably want me to be specific. With regard to Southeast Asia, you have to appreciate that the countries of Southeast Asia are all happy and relatively recently under colonial rule so that Singapore 30 years ago was a British colony. Hong Kong today is a British colony. Malaysia was a British colony until 33 years ago. For the last 20 or 30 years, these countries have rebelled as a nation, or as nations, not Hong Kong of course that is coming. But for the last 20 or 30 years Malaysia, Indonesia, Singapore they have enjoyed their freedom in the national sense of the word. .... And more recently, as I have

> explained already, we've enjoyed our freedom in the commercial sense of the word also. You know nobody tells me what to do, I'm a Singaporean. Nobody in particular tells me what to do because I own 5% of this business.

Much of the literature has either assumed an easily identifiable and centralized power base or multiple power bases with clear limitations on authority, or has not articulated the ways in which the tensions among multiple centers (Hedlund, 1986, 1994) are resolved. Establishing the conceptual framework for this research and expecting it to evolve, along with using the qualitative methodological approach allowed me to gain an understanding of the tensions around various processes as they were experienced by the partners. A more static application of an existing conceptual framework and/or a more rigid methodological approach would have called for delineation of the important tensions apriori and thus, potentially an investigation of less significant tensions than those identified in this research. The tensions around various processes that were different in Asia and North America and even somewhat different between Asian countries could not have been accounted for apriori and incorporated effectively in a more standardized and routinized approach. A way forward now is to develop a more dynamic conceptual framework focused on identifying and explaining tensions around coordination and integration processes and to simultaneously use the methodological approach employed in this study. Such an approach will provide theoretical and practical information on international coordination and integration processes that does not presently reside in the literature.

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Appendix A
Interview Protocol[4]

INTRODUCTION

1. I provide a brief description of the study indicating my interest in understanding how global clients are served by the offices in the firm.

2. I promise the interviewee confidentiality in terms of the information s/he provides.

3. I make a request to tape the interview.

4. I get a sense of the interviewee's functional background, global client experience, firm experience, and industry experience.

5. I suggest we discuss how service is specifically provided to his/her present global or regional clients.

OBTAIN SPECIFIC CLIENT INFORMATION

I. Can You Describe Client X To Me?

Probes:

i) What industry is the client in?

ii) What is the size of the company (in terms of revenues)?

iii) How diverse is the client's business? How dispersed are the client's operations? What is the overall reporting and operational structure of this client?

iv) Relatively speaking, how important is this client to the international firm and to the local firms involved?

v) How long has the firm served this client? How long have you been involved in the service to this client?

vi) Please describe changes in the client overtime; describe any changes in its service needs and any changes in your service strategy.

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[4] The interview protocol was altered dependent on the experience of the interviewee. Office managing partners were asked different client related questions than lead partners. Lead partners were asked slightly different questions than secondary partners (those involved in serving a client subsidiary). Individuals highly involved on international committees were asked additional questions to obtain general global client service information. The protocol provided here was the one used most frequently. It was used with lead partners of global client engagements.

OBTAIN INFORMATION ON THE SPECIFIC SERVICES PROVIDED TO THE CLIENT

Probes

i) Which of your world wide offices are being used to service this client? Have there been changes, over time, in the offices used to service this client? If yes, describe those changes.

ii) Who are the key contacts in the offices for serving this client?

iii) On what basis were these people established as the ones to serve in these locations?

iv) What authority do you have over the scope of services in these locations? Has the scope of service changed in these locations over time? If yes, describe those changes.

v) What key service decisions have been made in relation to this client and who has been critical in making those decisions?

vi) How was the client obtained?

vii) What factors were key in obtaining this client? What factors are now key in maintaining this client?

OBTAIN INFORMATION ON THE CLIENT SERVICE STRATEGY OF THE FIRM

I. Nature And Amount Of Interaction

Probes

i) Describe the amount and nature of interaction you (meaning lead office) have with the client's headquarters.

ii) Describe the amount and nature of interaction you have with the personnel of the clients in the subsidiary locations.

iii) Describe the nature and interaction you have with your colleagues in the various offices who provide service to this client.

iv) To what extent is the interaction you have with the clients or with your colleagues similar or different across locations? What factors most impact the differences among locations?

II. Quality Assurance

Probes

i) To what extent is quality achieved through exchanges of information?

- At what level do standards exist?
- Describe the amount and nature of reporting.
- Describe the nature of meetings with clients, with colleagues and/or with other service providers. (What is the location, frequency, content, and objectives of the meetings?).
- How is information about the client accessed, exchanged
- What internal relationship strategies support service to this client (i.e., discipline, geography or client groups).
- By what means do you communicate with your representative offices and offices of the client (i.e., e-mail, voice mail, fax, conference call, travel)
- What are the barriers/facilitators of communication about the client?

ii) To what extent is quality achieved through the implementation of human resource practices?

- Recruitment
- Client management training
- Promotion associated with serving international clients well?
- Secondments, transfers, succession planning

iii) To what extent is quality of service achieved through marketing?

- Do you monitor the perceptions of the client in terms of the service they are receiving?
- Are there ways you have of securing global commitment of the offices which are providing service?
- Are there consequences for non-involvement with a client or appropriate involvement?
- What role does the international firm play in serving this client (i.e., administrative, authoritative, investment)?

iv) To what extent is quality of service achieved through conflict resolution?

- Are there (have there been) conflicts (internal and/or external) involved in serving this client?
- Have conflicts been resolved and if so how? If they have not what factors are blocking conflict resolution?

III. Open Ended General Questions To Obtain More Information On Service Client Service Strategy

Probes

i) What are the main factors affecting the way in which coordination among offices and partners occurs for this client (i.e., industry, business diversity, organizational structure/strategy, available expertise)?

ii) Are there any other aspects of coordination that I have missed that are important in serving international clients?

iii) What facilitates cooperation among the offices for serving clients? What creates barriers to cooperation for serving global clients?

iv) What problems do you feel the firm has in terms of successfully competing in serving clients?

v) What threats and opportunities do you believe presently exist for the firm in serving global clients?

vi) Is there anything I have missed in terms of the ways you serve the specific clients we spoke about, or the ways you see the firm coordinates its offices for global clients more generally?

IV. OBTAIN FURTHER INFORMATION IF INTERVIEWEE HAS PARTICULAR EXPERTISE

Probes

i) How has your expertise developed? Who else in the firm has similar expertise? Where have your provided your expertise? How have you been compensated for your expertise?

V. OBTAIN FURTHER INFORMATION IF INTERVIEWEE HAS SPECIFIC INTERNATIONAL COMMITTEE OR TASK FORCE EXPERIENCE

Probes

i) Please describe the membership of the committee. What is the tenure of the members of this committee?

ii) What are the responsibilities of this committee? What are your responsibilities as part of this committee?

iii) How often does the committee meet? Location of the meetings?

iv) What is this committee's relationship to the executive committee and the board (autonomy, reporting requirements)?

v) What is the relationship of this committee to other international/regional committees or task forces?

vi) Is there an administrative structure that supports this committee? If yes, please describe.

vii) What is the nature of the committee's budgetary process?

viii) What kind of information is sought and transmitted by this committee and through what processes?

ix) What is your perspective of the International Executive Committee and the Board? What are the roles and responsibilities of each?

VI. OBTAIN FURTHER INFORMATION IF THE INTERVIEWEE IS AN OFFICE MANAGING PARTNER.

Probes

i) How much international work flows into or out of this office?

ii) Whose expertise in this office is sought internationally?

iii) Where is the expertise most often provided?

iv) What is the process of remuneration?

v) What are your roles and responsibilities in this office - most specifically in terms of international work flows?

vi) What percentage of your client time and management time pertains to the management of international clients?

vii) What percentage of your time is spent on management versus direct client service?

viii) What are the various ways the partners in this office serve the international firm (i.e., engage in international activities focused on improving global client service)?

Appendix B
Conceptual Categories And Sub-Categories[5]

	Definitions
(1) **NORTHERN CORP.**	Comments pertain to Northern Corp.'s international structure, strategy and history.
(11) Northern/Structure	Comments depict Northern Corp.'s global structure.
(111) Northern/Structure/Hierarchy	Comments pertain to hierarchical relations of international groups (i.e., one groups ability to exercise power over another group).
(1111) Northern/Structure/Hierarchy/Lead Partner	Comments describe the role, responsibilities, and authority of the lead partners.
(1112) Northern/Structure/Hierarchy/International Firm	Comments describe the nature of the international firm (international office) - the role of the international firm, and degree of authoritative power.
(112) Northern /Structure/Lateral Groups	Comments describe the evolution, role, and responsibilities of Northern Corp.'s international committees, task forces, groups, or centers of excellence, and comments refer to the relationships of these bodies to the international firm or to each other.
(1121) Northern/Structure/Lateral Groups/Regions	Comments pertain to the development and/or operation of Northern Corp.'s regional structures.
(12) Northern/Strategy	Comments depict Northern Corp.'s international strategy and/or its national strategies as each pertains to Northern Corp.'s international strategy.
(121) Northern/Strategy/International	Comments on Northern Corp.'s international client service, its choice of international market (e.g., industry focuses), and its competitive choices (e.g. range of services).
(122) Northern/Strategy/National	Comments on any of Northern Corp.'s national firms' services, markets, and/or competitive choices.

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[5] See corresponding Nud*ist Pictorial Representation in Appendix D.

(13) Northern History	Comments on the origin and evolution of Northern Corp.'s international firm. Historical facts that pertain to clients and information that pertains to the historical relationships between clients and firm.
(2) **SOUTHERN CORP.**(21) - (23) Same as (11) - (13) except particular to Southern Corp.	Same as above except comments are particular to Southern Corp.
(3) **EASTERN CORP**. (31) - (33) same as (11) - (13) except particular to Eastern Corp.	Same as above except comments are particular to Eastern Corp.
(4) **INTERDEPENDENCIES**	Broad category subsuming comments that indicate exchanges among member firms and reliance of member firms on each other in order to provide global service.
(41) Interdependencies/Financial	Comments pertain to financial flows between member firms and the international firm, and to financial flows among member firms - for general firm development purposes or in order to serve specific clients.
(411) Interdependencies/Financial/International Allocation	Comments pertain to cost sharing and/or revenue sharing agreements the member firms have with the international firm.
(412) Interdependencies/Financial/Economic Transfer Pricing Mechanism	Comments indicate how financial resources are shared among offices such that partners in the various locations are motivated to provide the best service possible to global clients. Comments pertain to fee negotiations among offices.
(43) Interdependencies/Human	Comments indicate different peoples' contributions to the global service that come from different locations.
(44) Interdependencies/Client	Comments describe reliance on clients in determining the services required and in evaluating service.
(45) Interdependencies/Competitor	Comments indicate exchanges that occur between each of these three Big Six firms and the other three "Big Six" firms in order to service clients
(46) Interdependencies/Other Professional Service Firms	Comments depict exchanges and reliance on other professional service firms to provide an aspect of the client service.

(47) Interdependencies/Technology	Comments refer to exchanges that occur between offices in terms of methodological developments and/or implementations of world wide audit, management consulting and tax methodologies.
(471) Interdependencies/Technology/Southern's Innovative Methodology	Comments pertain to the development, evolution, facilitators, and constraints in the application of Northern Corp.'s Innovative Methodology.
(472) Interdependencies/Technology/Southern's Z Methodology	Comments pertain to the development, evolution, facilitators, and constraints in the application of Southern Corp.'s "Z" Methodology.
(473) Interdependencies/Technology/Northern's Client Approach	Comments about the development, evolution, facilitators, and constraints in the application of Northern Corp.'s local, national, and international client approach.
(48) Interdependencies/Knowledge	Comments indicate the exchange among member firms in terms of development, acquisition, transfer, and transformation of knowledge. The comments pertain to knowledge exchange among specific clients or knowledge exchange on the service process more generally.
(481) Interdependencies/Knowledge/Development	Comments indicate exchanges among firms in terms of knowledge development.
(482) Interdependencies/Knowledge/Acquisition	Comments pertain to exchanges among practitioners related to acquiring the knowledge they need to service a client.
(483) Interdependencies/Knowledge/Transfer	Comments indicate exchange occurring among offices in terms of knowledge transfer.
(484) Interdependencies/Knowledge/Transformation	Comments show knowledge gained by serving one client is utilized to inform the service of a different client.
(49) Interdependencies/Service	Comments indicate the reliance that exists among partners from different firms, on each other, to provide a portion of the work necessary to meet the clients' demands.
(491) Interdependencies/Service/Audit	Comments indicate exchanges of services specific to audit.
(492) Interdependencies/Service/management consulting	Comments indicate exchanges of services specific to management consulting.
(493) Interdependencies/Service/Tax	Comments indicate exchanges of services specific to tax service.

(494) Interdependencies/Service/Combination	Comments indicate more complex exchanges among offices whereby numerous services are being brought together simultaneously.
(495) Interdependencies/Service/External	Comments indicate the firm relies on external firms to provide elements of the service.
(5) **FACTORS**	General category within which comments that describe situations or conditions affecting coordination and integration are found.
(51) Factors/Client	Comments pertain to numerous client characteristics that impact how coordination and integration occurs.
(511) Factors/Client/Structure	Indications that a client's structure (i.e., decentralized versus centralized operating and reporting structure) affects coordination and integration. Also evidence that the clients' processes affect coordination and integration.
(512) Factors/Client/Demand	Indications that a client's demands for particular types of services or clients' service demands (i.e., frequency of contact) affect coordination and integration.
(5121) Factors/Client/Demand/Services	Comments that suggest that the nature of the task (i.e., audit, management consulting. tax) impacts the way coordination and integration occurs.
(51211) Factors/Client/Demand/Services/Audit	Comments indicate a client's demands, specific to audit, affect coordination and integration.
(51212) Factors/Client/Demand/Services/management consulting	Comments indicate a client's demands, specific to management consulting, impact coordination and integration.
(51213) Factors/Client/Demand/Services/Tax	Comments indicate client's demands, specific to tax, affect coordination and integration.
(51214) Factors/Client/Demand/Services/Integration	Comments indicate a client's demands for multiple services to be provided simultaneously affects the way coordination and integration occurs.

(51215) Factors/Client/Demand/Services/External	Comments indicate the firm's competitors or other professional service firm providers provide part of the service and that coordination and integration is affected by that.
(52) Factors/Firm Context	Comments pertain to a large number of internal factors (within the international firm) that affect the way coordination and integration occurs (i.e., internal politics).
(521) Factors/Firm Context/Changes	Comments describe changes within the firms that affect the way coordination and integration occurs.
(5211) Factors/Firm Context/Changes/Northern	Comments describe changes within Northern Corp. that affect the way coordination and integration occurs.
(5212) Factors/Firm Context/Changes/Southern	Comments describe changes within Southern Corp. that affect the way coordination and integration occurs.
(5213) Factors/Firm Context/Changes/Eastern	Comments describe changes within Eastern Corp. that affect the way coordination and integration occurs.
(522) Factors/Firm Context/Local Office	Comments indicate that there are issues in particular local or national offices that affect the way coordination and integration occurs.
(53) Factors/Country Context	Comments indicate that the economy, or the political, legal, social, competitive, or professional situation in various countries impacts coordination and integration.
(531) Factors/Country Context/Economy	Comments indicate that the nature of the economy makes certain coordination and integration processes feasible and others not.
(532) Factors/Country Context/Political	Comments indicate that the political circumstances of a country make certain coordination and integration processes feasible and others not.
(533) Factors/Country Context/Legal	Comments indicate that the legal context makes certain coordination and integration processes more or less possible.
(534) Factors/Country Context/Social	Specific indications that the social milieu makes certain coordination and integration processes feasible and others not.

(535) Factors/Country Context/Competitive	Specific indications that the nature of the competitive context makes certain coordination and integration processes more likely than others.
(536) Factors/Country Context/Industry: Profession	Comments indicate that the state of the profession affects the way that coordination and integration occurs.
(537) Factors/Country Context/North America	Comments that suggest that the North American context in terms of the economic, political, legal, social, cultural, professional aspects of it, impacts the way coordination and integration occurs.
(538) Factors/Country Context/S.E. Asia	Comments that suggest that the Southeast Asia context in terms of the economic, political, legal, social, cultural, professional aspects of it, impacts the way coordination and integration occurs.
(539) Factors/Country Context/Changes	Comments indicate there has been and/or is change occurring in the country contextual factors that affects coordination and integration.
(5391) Factors/Country Context/Changes/Industry: Profession	Comments specific to the changes occurring in the profession.
(5392) Factors/Country Context/Changes/Market	Comments specific to the changes occurring in the client market that are impacting coordination and integration processes.
(6) **SCENARIOS** (61) - (6 87)	In-depth information about the service provided to 87 different clients is contained within 87 separate sub-categories.
(7) GEMS	Quotations that bring insight to how coordination and integration occurs.
(8) THEORIES	Comments from interviewees that confirm or disconfirm what is suggested by the international management theories guiding this research.
(81) Theories/Hedlund	Comments that specifically address theoretical issues raised by Hedlund (1986, 1994).
(82) Theories/Bartlett & Ghoshal	Comments that specifically address theoretical issues raised by Bartlett and Ghoshal (1989).
(83) Theories/Aharoni	Comments that specifically address theoretical issues raised by Aharoni (1995).

(84) Theories/Professional Service Firms	Comments that specifically address theoretical issues raised in the professional service firm literature (e.g., Greenwood et al., 1990, 1993, 1996 a,b).
(9) PROCESSES	Comments indicate the use of central, formal, or social processes are increasing the level of overall integration in the firms.
(91) Processes/Central	Comments indicate that individuals or groups have been delegated responsibility and have authority to make decisions that bring units together.
(911) Processes/Central/Intnl. Firm	Comments indicate the extent to which the activities of the international firm increase the overall level of integration.
(9111) Processes/Central/Intnl. Firm/Northern	Comments indicate the extent to which the activities specific to Northern Corp.'s international firm increase the overall level of integration achieved.
(9112) Processes/Central/Intnl. Firm/Southern	Comments indicate the extent to which the activities specific to Southern Corp.'s international firm increase the overall level of integration achieved.
(9113) Processes/Central/Intnl. Firm/Eastern	Comments indicate the extent to which the activities specific to Eastern Corp.'s international firm increase the overall level of integration achieved.
(912) Processes/Central/Lead Partner	Comments indicate the extent to which the activities of the lead partner increase the overall level of integration.
(9121) Processes/Central/Lead Partner/Northern	Indications of the extent to which the lead partner concept, as applied in Northern Corp., increases the overall level of integration in that firm.
(9122) Processes/Central/Lead Partner/Southern	Indications of the extent to which the lead partner concept, as applied in Southern Corp., increases the overall level of integration in that firm.
(9123) Processes/Central/Lead Partner/Eastern	Indications of the extent to which the lead partner concept, as applied in Eastern Corp., increases the overall level of integration in that firm.

(92) Processes/Formal	Comments describe systems, policies, procedures and standards that bring increased unity among member firms in order to serve global clients.
(921) Processes/Formal/Technology	Descriptions of the primary technological platforms the firms have in place that enhance integration, as well as descriptions of other technology supports (i.e., video conference; voice mail; e-mail).
(923) Processes/Formal/Lateral Groups	Indications of the extent to which international committees, task forces, groups, and centers are standardized and routinized and the extent to which these bodies support the standardization and routinization of different kinds of interactions.
(9231) Processes/Formal/Lateral Groups/Northern	Comments pertain to the roles international committees, task forces, groups, centers of excellence play in Northern Corp. in increasing the overall level of integration in the firm.
(9232) Processes/Formal/Lateral Groups/Southern	Comments pertain to the roles international committees, task forces, groups, centers of excellence play in Southern Corp. in increasing the overall level of integration in the firm.
(9233) Processes/Formal/Lateral Groups/Eastern	Comments pertain to the roles international committees, task forces, groups, centers of excellence play in Eastern Corp. in increasing the overall level of integration in the firm.
(93) Processes/Social	Comments describe actions and activities through which people in the organization come to hold common values that guide common action toward global client service.
(931) Processes/Social/Communication	Comments pertain to the various ways in which practitioners communicate within the firm and with clients in order to serve different clients. The comments indicate face to face interaction, through global meetings, is increasing the level of overall integration.

(932) Processes/Social/HR	Descriptions of the extent to which specific human resource management practices are used in the firms and the extent to which the specific practices support a higher level of integration being achieved.
(933) Processes/Social/Culture	Comments that suggest there is a corporate culture that supports activities of a certain type and guides actions that result in a higher level of integration. Comments allude to or explicitly suggest there is an informal network that operates to enhance integration.
(94) Processes/Tensions	Comments indicate that there are internal difficulties associated with efforts to increase the level of integration among the member firms.

Appendix C
Examples Of Interview Questions For Attaining Information Relevant To The Conceptual Categories[6][7]

I. INTERDEPENDENCIES	Exchanges of various types are the outcome of interdependence, therefore questions are asked about the exchange among offices in terms of work processes, finances, human resources, technology, and knowledge.
Service Interdependencies	Which of your worldwide offices are being used to service this client? What services are provided by each of the offices? What authority do you have in terms of the scope of the services provided in each locale? Has the scope of the work changed over time, and if yes, how so? What ways do you have of ensuring quality service? (probing questions around standards, nature of reporting, frequency and nature of internal and external meetings regarding the client) Are there ways of securing global commitment from other offices to serve a global client?
Financial Resource Interdependencies	How are international initiatives (e.g., implementation of worldwide technology or implementation of standardized service methodologies or development of new practices) financed? How are international client meetings funded? How are industry groups and various task forces funded? How are the fees determined for the offices involved in providing service? What is the impact of the client on internal fee determination with this client? How are internal fee discrepancies managed?

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[6] These are examples of questions that were meant to elicit information relevant to the various conceptual categories. This table does not attempt to indicate all questions that were asked for each category.
[7] Many questions prompted answers that contained information on a number of categories simultaneously.

Human Resource Interdependencies	Who are your key contacts in those offices? How many people are serving this client in the various locations? On what basis were these people established as the ones to provide the service to the client? Describe the amount and nature of interaction that occurs between the people in the lead office and the people in the offices located in the clients' subsidiaries; also among the people in the offices involved in serving clients.
	To what extent is the interaction between the lead office at the client's headquarters and the various offices similar or different? What factors impact the different interactions?
Technological Resource Interdependencies	To what extent is your office technology the same, or compatible with, that in other offices? Describe any training that occurs in relation to technology.
COORDINATION & INTEGRATION PROCESSES	
Central Processes	The inquiry is into the roles and status of individuals or groups in serving global clients. For example: What involvement has the international firm in relation to this client? What authority, as lead partner, do you have over the scope of the services, the individuals who provide the service, any other aspects of the service in the various locations? What have been the key decisions made in serving this client? How have those decisions been made and who has made those decisions? Are there consequences for non-involvement with a client?

Formal Processes	**General International Client Service Questions?** Describe generally how it is that global clients are served by the firm.

	Questions To National, Regional, or International Committee Members: Describe the membership of the committee? What is the tenure of committee members? What are the responsibilities of the committee? What is your role on the committee? How often do meetings occur? Where do meetings occur? Describe committee's relationship with the international executive committee and board (i.e., autonomy, reporting requirements)? What is the relationship of this committee to other international committees and/or task forces? Is there an administrative structure supporting the committee? If Yes, please describe. What is the nature of the budgetary process specific to the committee. **Regarding Technology** By what means do you communicate with your offices and the offices of the clients? (Probing questions around computer support, fax, e-mail, voice mail, conference calling etc.)
	What kind of information is accessed to serve this client? How is it accessed? Are there barriers to required communication around serving the client? If yes, please describe.

Social Processes	How are individuals selected to the international firm? Does client management training exist in the firm - If yes - Describe the nature of it. What is the number of secondees and transferees in your office presently? What roles do secondments and transfers play in the serving of this client? What factors facilitate or constrain cooperation in serving the client?

	What is the general attitude around serving global clients?
TENSIONS	Please describe any conflicts that have arisen (either with client or internally) in providing the service to this client? Please describe how the conflict was resolved, or is being resolved, or describe how conflict is being ignored.
CONTEXT	
	How much international work flows into this office? How much international referral work occurs? How much global client work originates here? Describe the nature of the global client work (referred here or originating locally)? What is the nature of expertise that exists in this office? What is the general attitude toward serving global clients in this office? What facilitates or constrains the firm's or your office's ability to serve global clients generally or specifically?

CLIENT	What industry is the client in? What is the size of the client in terms of revenues? What is the diversity of the client's business and the dispersion of the client's locations? Describe the client's reporting and operational structure (extent to which it is centralized and decentralized on the two dimensions)? How significant is the client to the local office and to the firm overall (relatively speaking)? How long has the client been with the firm? Is the client shared with another

	professional service firm and if yes, how? What are the main factors affecting the way in which coordination among offices and partners occurs for the clients? **Historical Information On The Client:** How was the client obtained? If client was gained through a proposal process - What factors were primary in securing the proposal? How long have you been involved in serving this client? Describe the changes that have occurred in the types of services provided, the people providing the service, or the way the service has been provided? If changes have occurred in the way the client has been served then ask: What are the reasons for the changes in the way service has been provided to the client?
HISTORY	
International Firm Origins	What factors do feel affect the way you serve global clients? What facilitates or constrains the firm's ability to serve global clients? What threats and opportunities exist in the firm in terms of serving global clients?
Historical Growth Strategy	Same as category immediately above.

PATTERNS	What do you think are the factors that underlie the differences in the ways the various clients are managed? What problems do you have in competing in terms of global clients? What advantages do you have in competing in terms of global clients? What opportunities do you see in terms of serving global clients? Is there anything you think I have missed that you feel is important in terms of the ways you serve this client?

APPENDIX D
NUD*IST TREE